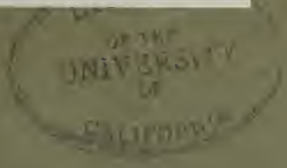
HF
5472
U7N38

UC-NRLF
$B 38 831



Marketing Survey of New Haven

Conducted for the
Town and City Improvement Committee of the
New Haven Chamber of Commerce

BY

L. D. H. WELD

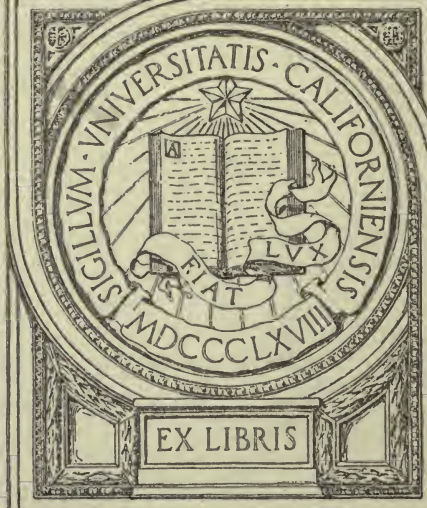
Professor of Business Administration
Sheffield Scientific School
Yale University

ASSISTED BY

R. E. Badger, H. A. Brandt, J. D. Hauslein, and H. B. Price
Graduate Students in Economics, Yale University

YC 25335

GIFT OF


SIGILLVM · VNIVERSITATIS · CALIFORNIENSIS
LVX
FIAT
MDCCCLXVIII
EX LIBRIS

HF5472
U7N38

Marketing Survey of New Haven

Conducted for the
Town and City Improvement Committee of the
New Haven Chamber of Commerce

BY

L. D. H. WELD
Professor of Business Administration
Sheffield Scientific School
Yale University

ASSISTED BY

R. E. BADGER, H. A. BRANDT, J. D. HAUSLEIN, AND H. B. PRICE
Graduate Students in Economics, Yale University

Y923

INTRODUCTION

For several years the citizens of New Haven have been dissatisfied with certain features of the marketing system of the city, and there has been constant agitation for some kind of reform. Numerous attempts have been made to bring action with respect to the organization and maintenance of a public market for farmers, but such attempts have always come to naught.

One difficulty in the problem has been that the people of New Haven have not had an unanimous opinion as to just what ought to be done. Some have favored a public wholesale market for farmers; others have believed that a retail farmers' market should be established; and still another group have believed that the principal need is a public retail market where spaces shall be rented to retail merchants. In view of this difference of opinion, and the need of centering on the most important phase of the problem, the Town and City Improvement Committee of the New Haven Chamber of Commerce, which has taken the matter up, decided to make a survey of marketing conditions in New Haven, for the purpose of deciding just what should be done, and with the hope that a method of procedure resulting from such an investigation would result in definite action. The results of this investigation are presented in this report.

This survey of marketing methods and conditions in New Haven does not pretend to represent a complete and thorough study of the situation. Enough material has been gathered, however, to point out New Haven's principal need. As a perusal of the report will show, the conditions surrounding the farmers' wholesale market in Commerce Street are decidedly unsatisfactory, and the evidence is overwhelming that the greatest need is to have a properly organized and operated wholesale market for farmers. If this report succeeds in crystallizing public opinion on this point, and leads to prompt and definite action in this direction, the men who have given their time in making the study will feel amply repaid, and the New Haven Chamber of Commerce will have performed an important service. Yale University will also feel gratified if it has been of service to New Haven through the coöperation with the Chamber of Commerce in making this survey.

The editor of this report, who planned and supervised the survey, has had the able assistance of four graduate students in Yale University, who are specializing in marketing subjects. These men are R. E. Badger, H. A. Brandt, J. D. Hauslein, and H. B. Price. To them belongs a large part of the credit for the gathering of the valuable and interesting information contained in the report. The coöperation of the New Haven Housewives' League has also been of value, inasmuch as this organization gathered information on buying methods of about 150 New Haven housewives. The courtesy of New Haven merchants in giving freely information which was of a confidential nature, also is acknowledged.

L. D. H. Weld,

Professor of Business Administration,
Sheffield Scientific School, Yale University.

CONTENTS

PAGE

Introduction 2

CHAPTER I

The Wholesale Fruit and Produce Trade 4

CHAPTER II

New Haven Retail Stores 7

CHAPTER III

The Truck Growers 10

CHAPTER IV

The Commerce Street Market and Farmers' Markets in Other Cities .. 13

CHAPTER V

The Marketing of Butter and Eggs in New Haven 18

CHAPTER VI

The Marketing of Meat in New Haven 29

CHAPTER VII

New Haven's Milk Supply 37

CHAPTER VIII

How New Haven Housewives Purchase 45

CHAPTER IX

Comparison of Prices in New Haven with Prices in New York, Bridgeport, Hartford, and Springfield 48

CHAPTER X

Conclusions and Recommendations 50

491506

CHAPTER I

THE WHOLESALE FRUIT AND PRODUCE TRADE

In the largest cities the wholesale trade in fruit and produce is generally divided into two sets of dealers, first, the commission houses or wholesale receivers, who obtain goods in large quantities direct from country shippers, and second, jobbers, who buy goods in wholesale lots from the first group, and sell in small quantities to retail stores, hotels, etc. In smaller cities the wholesale houses take the form of jobbers, who buy their supplies mainly from the commission men or wholesale receivers in the larger cities, rather than direct from country shippers. This is the case in New Haven; the wholesalers are jobbers, who buy very little direct from the country, and who buy their goods from dealers in large trade centers, especially in New York.

There appear to be about 12 or 14 of these wholesalers or jobbers in New Haven. Four of these are much larger than the others, and these four together do an annual business of approximately one million dollars. The other 8 or 10, many of whom are very small, do perhaps a combined business of another million, making a total of about two million dollars in all. This is a mere estimate, as exact figures are difficult to obtain. There are two or three that specialize in bananas, but most of these companies carry a general line of fruits and vegetables, most of which are brought from points outside of New Haven.

Most of these houses are located on George Street, on lower State Street, and also at the lower end of Commerce Street, in close proximity to the farmers' market. In most cities the wholesale trade is more highly localized than in New Haven, but the absence of a well organized farmers' market, and the uncertainty as to the future location of this market, have probably had the effect of keeping the wholesalers from obtaining permanent locations in closer proximity to each other.

WHERE WHOLESALERS BUY

As already mentioned the New Haven wholesalers buy very largely in the New York market. They cannot buy direct from country shippers to any large extent, because goods from the country come to market in such a variety of qualities and quantities from day to day, that the local market could not absorb efficiently and economically goods obtained in this way. About six of the larger houses send buyers to New York every day, both to buy goods and to keep in close touch with the market. Some of them occasionally send buyers south to Maryland, Delaware, and Norfolk during the season when farm produce is moving in large quantities from that section of the country, and even occasionally to Florida. When this is done, goods are often bought in those localities and shipped direct in car lots to New Haven. When goods are bought in New York they are generally bought f.o.b. that city, the local jobber paying the freight to New Haven. Goods are brought from New York largely by steamer rather than by rail,

and are usually hauled from the dock to the jobber's store during the night or early in the morning.

The local jobbers also buy some goods in the farmers' market, but on account of the congestion in that market, and the inability to get their teams through the market, they do not find it convenient to buy much produce in this way. Some farmers who have not succeeded in disposing of all their goods in the Commerce Street Market, sell the remainder to wholesalers; and some farmers rather than try to sell their goods under the unsatisfactory conditions existing in the Commerce Street Market, sell all of their goods to wholesalers. On the whole the wholesalers do not handle in large quantities during the summer those goods which local farmers are bringing to market. In the winter, on the other hand, they handle practically everything outside of meats, butter, and eggs.

HOW THE WHOLESALERS SELL

The local wholesalers sell principally to retail stores, and during the winter to hucksters. A few of them even send teams into the Commerce Street Market during the summer to sell to hucksters in competition with the farmers themselves. The goods they sell in this way are bought partly from farmers but consist principally of goods brought in from outside, which are not raised in the vicinity of New Haven, and with which the hucksters must stock their wagons before they start their daily rounds from house to house.

The method that has always been in use by the wholesalers in selling to retail stores has been primitive and unsatisfactory, in that they have always followed the practice of stocking their wagons with produce early in the morning and peddling it about from store to store, whereas the usual way in large cities is to procure orders through salesmen or by telephone, and then to deliver only such goods as are ordered. The disadvantages of taking out unsold goods and peddling them about from store to store are as follows: Since the goods are exposed to the elements, they become dirty and dusty, and in the winter, frost bitten; it is impossible to know just how much will be wanted of each commodity and consequently they frequently take out an insufficient supply of some articles, and have too much of others, with the result some goods are usually left over, and have to be brought back to the store and kept over night with consequent deterioration; when goods are peddled from store to store, the store keepers pick over the goods, selecting the best, thus leaving inferior stuff for other stores. This also results in a rather poor adjustment of prices to actual quality of goods. The jobbers also estimate that this is a more costly method of selling than by sending out order takers and delivering only such goods as are ordered.

Fortunately, a definite attempt has been made during the winter of 1916-17 to do away with this unsatisfactory method of selling to retail stores, and a few of the largest houses have definitely adopted the policy of sending out men to take orders, and then delivering only such goods as are definitely ordered. The wholesalers are to be commended for their action in this matter. It will undoubtedly result in more economical methods of distribution, and in supplying retail stores with produce of better quality.

CREDIT CONDITIONS

Although bills are supposed to be payable weekly, the wholesalers complain that credit conditions are in a very unsatisfactory state. Although the losses from bad debts are not large, yet so many of the retail merchants allow their bills to run indefinitely that the wholesalers have to keep a large amount of capital tied up in their business, and are put to considerable collection expense. They find it difficult to overcome this condition, because if any jobber attempts to enforce the weekly settlement plan strictly, he is apt to lose trade to other concerns who are liberal with their credits. In some cities this difficulty has been overcome by associative action among the wholesalers, who maintain a credit bureau which keeps track of accounts with all retailers. Bills have to be settled by a certain day of each week, and dealers are required to pay cash if they have not paid by the stipulated date.

MARGINS TAKEN BY WHOLESALERS

On the whole, the margins of gross profit taken out by wholesalers are relatively small. For example, when jobbers were paying from $1.80 to $1.85 per bushel for potatoes laid down in New Haven, they were selling to retail stores at $2.00 a bushel. When they were buying onions for $5.25 a sack, they were selling them for $5.50. When oranges cost them $3.00 a box laid down in New Haven, they usually sell them to retailers for $3.25 a box. No figures were obtained on the actual cost of doing business in these houses, but in most cities it averages from 5 to 7 per cent of the sales, and this is probably the case in New Haven.

ATTITUDE TOWARD THE COMMERCE STREET MARKET

All of the wholesalers interviewed, claimed that the present conditions in the Commerce Street Market are extremely unsatisfactory. They say that farmers have to come to market at an unreasonably early hour to obtain suitable locations; that there is no suitable place for hucksters to keep their wagons while they are buying produce from the farmers; and that it is impossible for the wholesalers to buy and sell in this market conveniently. Most of them expressed a willingness and desire to be located within close proximity of the farmers' wholesale market, and said that they would be glad to rent buildings near it, if a permanent location should be decided upon. Most of them believe that the city should furnish and operate a farmers' market; they also suggest that the city should furnish market buildings in or near such a market to be rented to the wholesale dealers. They complain that sharp practices and thieving are common in the present market, and that there really "is no market," meaning that there is no definite market price, owing to the disorganized condition. The wholesalers all agree that the principal need in New Haven is a well organized and operated farmers' market, with definite spaces assigned to individual farmers, and rents charged therefor.

CHAPTER II

NEW HAVEN RETAIL STORES

In order to obtain information as to how retail grocers of New Haven buy their supplies, how they handle them, etc., personal visits were made to 44 retailers in different parts of the city. The stores visited are of the greatest variety: some are chain stores, some are fancy grocers, some are the large State Street stores, and a good many are small single stores in the outlying districts of the city.

Source of Supplies

Information was obtained as to where the retailers buy their supplies of fruits and vegetables, butter and eggs, and meats. Practically all of them buy the bulk of their fruits and vegetables from New Haven wholesalers, and 12 of them buy solely from this source. Twenty-five of the 44 stores buy also direct from growers, and 7 of the largest houses buy direct from New York wholesalers. Those who buy direct from New York send buyers to that city.

It has been explained in the chapter on the wholesale trade that it has always been the custom for the wholesale produce dealers to peddle produce from their wagons to the retail stores, rather than to take orders ahead. It was explained that this is a primitive and wasteful method, and that during the winter of 1916-17 the wholesalers have made an attempt to substitute the method of taking orders in advance. This attempt was under way when the retailers were visited in this investigation, and a special effort was made to find out whether the retailers were ordering ahead or buying from wholesalers' wagons. Out of 39 reporting on this point, only 14 said that they were ordering their goods in advance, another 14 said they bought in both ways, and 11 that they bought entirely from the wagons of wholesalers. Many of the retailers claimed that they preferred to buy from wholesalers' wagons, because they then had an opportunity to select their stuff more carefully, and to see just what they were getting. Many of the small wholesalers still sell entirely from their wagons, and the transition to the method of ordering ahead has been only partially accomplished. On the whole, the better and larger retailers are favorable to ordering goods ahead.

In some cases a wholesale huckster or peddler appears between the regular New Haven wholesaler and the retail store. This is especially true in outlying sections of the city. For example, out of 6 stores visited in the City Point section, 3 reported that they buy principally from hucksters. The reason for this is that the wholesale dealers cannot afford to cover the smallest stores in some of the outlying districts, and these stores cannot buy in large enough quantities to buy regularly. Hence an additional middleman appears in the few such cases.

In buying direct from growers, the goods are delivered by the growers in practically all cases. About half of the retailers have arrangements with growers to call on them regularly. In a few cases the growers call the stores by telephone to find out what they shall bring the next day, but more

often they find out on one day's visit what they shall bring the next. Buying direct from growers is practically limited, of course, to the summer months. During the winter the retailers have to rely almost wholly on local wholesalers.

Retailers pay growers cash, but in buying from wholesalers bills are supposed to be payable weekly in the majority of instances. As a matter of fact, weekly payments are not lived up to and the credit conditions between New Haven wholesalers and retailers are in an unsatisfactory condition, as explained above.

Deliveries

Of the 43 stores from whom information was received on this point, 8 have no delivery service at all, 22 deliver only in the section of the city where they are located, and 13 deliver to all parts of the city. Among those that make no deliveries are some of the large down-town cash stores, as well as some small neighborhood stores. Of those that make deliveries, 2 use only messenger boys and 3 use push carts; there are 24 that use autos, and 9 of these use wagons in addition to autos. Of those making deliveries, 9 deliver irregularly, 2 make only 1 delivery a day, 5 make 2 deliveries a day, 3 make 3 a day, 8 make 4 a day, and 3 make 5 or more. Most of the large State Street stores make 4 deliveries a day.

The old custom of soliciting orders from house to house appears to be on the decline in New Haven. In the Whitney Avenue section practically no house to house solicitation is made. In the City Point section on the other hand, all of the dealers solicit orders from house to house. For the whole city, out of 39 stores reporting, 16 still solicit orders and the other 23 do not. Some of the latter do some soliciting from regular customers by telephone.

While the solicitation or orders from house to house has been decreasing, the use of the telephone has been increasing. Out of 39 stores reporting on this point, 21 claim that they receive a large part of their orders by telephone. Only 5 say that they receive no orders at all in this way. The telephone is a time-saver if used properly. The principal difficulty with this method of buying is that it encourages carelessness on the part of the housewife, who neglects to make up her orders for the day in the forenoon, and who consequently orders small quantities by telephone later in the day. The retailers were asked whether they receive unreasonable telephone requests from their customers to deliver quickly. Fifteen of the retailers were non-committal but 26 said that they did receive such unreasonable requests, and only 3 said that they did not receive such orders. The reply of one grocer to this question was, "Yes, every minute of the day!" A few reply that they pay no attention to such orders, and deliver only at their regular delivery hours.

The Handling of Butter and Eggs

Information was received from 39 stores concerning the source of their supply of eggs. In buying strictly fresh eggs 23 reported that they obtained them entirely from farmers, 5 partly from farmers and partly from whole-

sale dealers, and 5 entirely from wholesalers. There are also 5 stores that do not handle strictly fresh eggs at all, and one store that buys his supply largely from a country merchant. It will be observed that most of the strictly fresh eggs come from nearby territory. All of the stores interviewed buy their cold storage eggs from New Haven wholesalers. One store, a fancy grocery, does not handle storage eggs at all.

In the purchase of butter, 35 stores out of 36 obtain their supplies from New Haven wholesalers, and the other, a fancy grocery, buys direct from creameries. As pointed out in the chapter on butter and eggs, the butter handled by most of the New Haven stores is not of the very highest quality, and only one of the New Haven wholesalers handles the fresh country creamery product.

In buying their storage butter and eggs, 30 stores out of 38 reporting enter into contracts with the New Haven wholesalers. These contracts are described in detail in the chapter on butter and eggs.

Attitude Toward Commerce Street Market

Only 13 out of 43 stores visited go to the Commerce Street Market in the early morning during the summer months for their supplies of fresh vegetables and fruit. This situation is somewhat different from that found in other cities, where retailers more commonly buy in the farmers' wholesale market. Out of 31 who assigned reasons for not going to this market, 10 said either that they did not have time or that it was too far to the market place, 3 reported that they had no facilities for bringing produce from the market to their stores, 10 replied that the condition of the market was so bad that they did not care to buy in it, and 8 said that the expense of making the trip to market was too great. A few also complained that the quality of the produce offered for sale was not attractive to them.

In addition to the 13 who do go to market there are 7 or 8 who claimed that they would be glad to go if the market were properly organized, and if there were proper facilities for placing their wagons in the market place. Of course there are a great many small retailers in the outlying sections who buy such small quantities that it would not pay them to make the trip to market every morning, but there are a sufficient number of retailers who would go to market if it were properly organized and operated to furnish a very strong argument for an improved market place. Practically all of the retailers agreed that the present condition is disgraceful, and that New Haven's principal need is a properly organized wholesale market for farmers.

Competition of Hucksters

Twenty out of a total of 37 feel that the hucksters offer severe competition. This is especially true during the summer and for the trade in vegetables. One grocer alleged that his trade was cut in half by the operations of the hucksters, but most of the grocers who feel the competition call it severe but give no such extravagant figure. One grocer explained that in purchasing from the huckster the housewife is often kept from coming to the store, and in this way, the grocer not only loses the sale made by the huckster, but

also the sale of other articles that the housewife might have bought if she had come to the store in the first place. One half of the grocers reporting think that they are undersold by the hucksters.

The problem of waste in connection with the handling of perishables is a question upon which there is a wide difference of opinion. Thirteen say that there is not much waste and 20 say that there is. At least 14 out of the 20 state a percentage of waste of 10 per cent or more. Four estimates run over 18 per cent. Of course care in buying and price policies with regard to deteriorating supplies have a good deal to do with percentages of waste. One grocer explained that when he sees that he cannot hold berries he reduces the price, perhaps even giving them to customers, whereas others sell what they can at the price, and dump the rest.

Extent to Which Meat is Handled

Over 70 per cent of those answering, that is, 30 out of 42, handle fresh meats in addition to groceries. The meat is practically all bought of New Haven wholesalers. All buy whole quarters or more.

Cost of Doing Business

The figures given for the cost of doing business run all the way from 10 per cent to over 20 per cent. Seven give a cost of 10 per cent, three from 11–14 per cent, three from 15–17 per cent, ten from 19–20 per cent, and two have a cost of doing business of over 20 per cent. It is apparent, however, that some of these figures are too low because in the case of the 10 per cent group it is known that some grocers did not include salaries for themselves. Then too, in some cases the figures given are no more than estimates, for many retail grocers do not have the figures upon which to base an accurate statement of their costs. The average cost of doing business for well-managed groceries, giving full service in the way of credits, deliveries, etc., appears to be from 17 to 20 per cent, which is about the average for similar stores in other cities. This means that the grocers must take gross margins of from 20 to 23 per cent of their selling prices in order to make net profits of 3 per cent on their sales. Stores which do not give credit and make deliveries have lower costs, and those which may be classified as "fancy grocers" have higher costs.

CHAPTER III

THE TRUCK GROWERS

Inasmuch as the vegetable and fruit growers in and about New Haven furnish the farm produce which is sold in the Commerce Street Market and since New Haven's principal need is a well-organized market place for these growers, information has been obtained from a large number of them, concerning their distance from market, the time necessary for trips, whether they are satisfied with present conditions, and other matters which bear on the present problem.

The growers reporting are located principally in Hamden, Highwood, North Haven, Wallingford (fruit growers principally), Orange, and a few other towns. Detailed information was received from 53 of them. The average number of acres that the growers in Highwood and Hamden have under cultivation is about 28, and ranges all the way from five to one hundred acres. These growers were asked if they would increase their acreage if there were a better market in New Haven, and out of 30 who replied, 19 said they would do so.

The average distance over which these 53 growers have to haul their goods to reach the New Haven market is 6½ miles. From the Highwood section, it is only 4⅕ miles; from the Hamden section, 5 miles; from the North Haven section, 6⅚ miles, and from Wallingford, 12⅓ miles. The greatest distance that any grower reported was 20 miles. Of the total number, 43 use wagons for hauling to New Haven, and of these 10 use autos in addition to their wagons. There are two who use only auto trucks.

The average length of time used in reaching New Haven is one hour and eleven minutes. From Highwood the time is a little less than an hour, from Hamden one hour and eight minutes, and from North Haven nearly an hour and a half. Farmers from Clintonville require about two and one-half hours to reach New Haven, and those from Wallingford nearly three hours.

Out of 44 growers who reported on the hour of starting their journeys, 3 said that they started before midnight, 22 between midnight and 2 A. M., 13 between 2 and 4 A. M., and 6 after 4 A. M. These figures indicate that a large majority start at an unreasonably early hour in order to reach market in time to obtain good locations,—a difficulty that would be overcome if the growers had definite spaces or stalls assigned to them. The fact that growers have to start so early in the morning keeps a good many of them from coming to the New Haven Market at all.

As for the hour of starting back to their farms, 4 out of 37 replied that they began their return journeys before 7 A. M., 19 between 7 and 8 A. M., and 14 after 8 A. M. This indicates that the majority of the growers are back on their farms before 9 A. M.

Out of 45 growers who reported the number of trips they make to market during the height of the season, 23 replied that they come practically every day. The average appears to be about 5 times a week, although there are a number who appear to come about every other day. The average value of a load is about $42, but this varies all the way from $10 a load to $75 and over. The majority report from $25 to $50. The market is not in full swing until June, although out of 40 reporting on this point, 10 begin their trips in May, 21 in June, one in July, and 8 in August. Those who begin their trips in August sell fruit only. The farmers keep up their trips until into November and December, 4 replying that they stopped in September, 7 in October, 15 in November, and 10 in December.

The buyers in the farmers' market comprise retail merchants, peddlers or hucksters, wholesale dealers, and buyers who ship to other points. Figures were obtained from the growers which indicate the relative importance of these four classes of buyers, and the following percentages show

approximately the proportions of the total amount of the produce bought by each:

	PER CENT
Retail Dealers	24
Peddlers	45
Wholesale Dealers	22
Buyers for Outside	9
Total	100

These figures indicate that the peddlers or hucksters are by far the most important buyers in the farmers' market, and that retail dealers and wholesalers are of about equal importance.

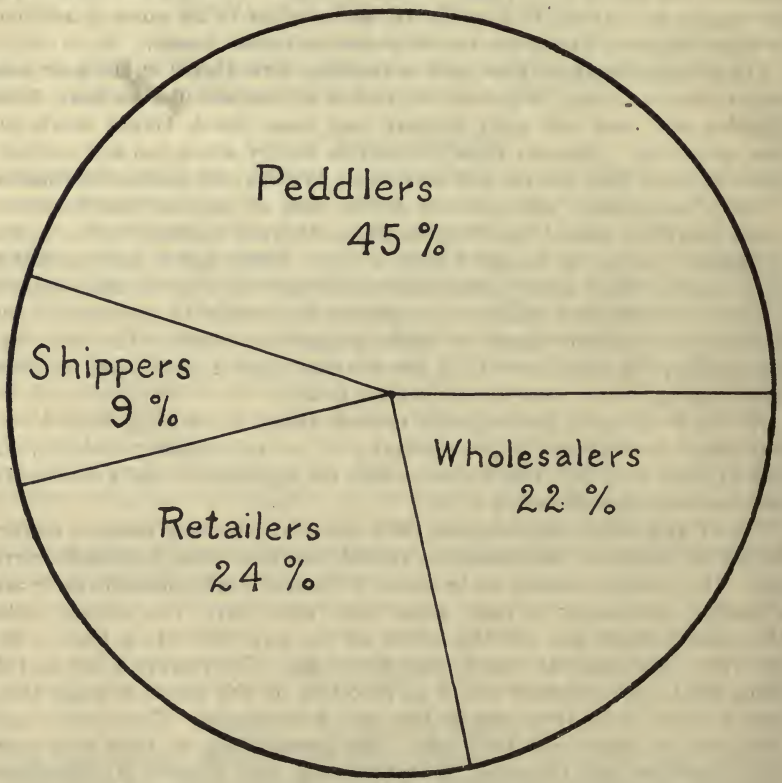


Diagram showing relative importance of the different classes of buyers in the Commerce Street market.

Farmers who bring goods to the New Haven Market frequently return with a part of their goods unsold. Out of 47 who replied on this point, 27 said that they commonly brought more than they could dispose of. Five of these

said that they take them home and bring them back the next day; 17 sell what is left to retail stores; and 2 report that they destroy the goods that are unsold. Thirty-four growers report that they also ship produce to other markets, while 13 say that they sell all of their goods in New Haven. Of the cities to which produce is sent by New Haven growers, Boston is by far the most important, although a few ship goods to New York, Springfield, Providence, and Bridgeport. Because of close relations with the Boston Market, it is the Boston prices that growers follow from day to day, rather than New York prices, although a few report that they follow the prices in the latter city. Only about half of the growers reported that they followed prices in outside cities at all.

As for the attitude of the growers toward the present market in Commerce Street, 45 reported that they were dissatisfied with present conditions, and 3 said that they were satisfied. Thirty-nine out of 40 reported that they were in favor of city ownership of a market place; most of them believe that this should be purely a wholesale market, although 16 think that provision should be made for a combination wholesale and retail market. Practically all of the growers believe that the market place should be covered, and they are also practically unanimous in believing that spaces should be assigned, and rent charged. There were 25 who expressed their opinions on the proper location for such a market, and 11 of these apparently favored the present location, 5 a location on Goffe Street, and the remainder scattering locations.

CHAPTER IV

THE COMMERCE STREET MARKET AND FARMERS' MARKETS IN OTHER CITIES

By H. A. Brandt

Various references are made throughout this report to the Commerce Street Market. Unfortunately, this market was not in active operation during the time that this study was being made, and consequently it has been impossible to secure as much specific information as desirable. Enough information has been received, however, to make possible a general description of the market with special reference to its shortcomings, and inasmuch as the establishment of a well organized and operated farmers' market is New Haven's principal need, some information has been gathered relative to the operation of farmers' markets in other cities.

The Commerce Street Market is an open, uncovered market-place, of the type usually referred to as a "curb market." Farmers drive in during the night or early in the morning, and station themselves at such convenient places along Commerce Street as are available, overflowing into vacant lots to the west of Commerce Street. Various estimates place the number of growers at from two hundred to over three hundred, and since the market area is not partitioned off into spaces, there is a general scrambling for good locations, and farmers often come to market from two to four hours before

actual business begins at about five o'clock, in order to obtain such locations. Farmers do not unhitch their horses from their wagons, and since they assemble without following any definite scheme of arrangement, more or less congestion results. The situation is complicated by the fact that from one hundred to two hundred hucksters, as well as a number of retailers, seek convenient locations with their wagons. The market is without regulation of any kind, there is no market master, and there is no organization that has any authority.

Out of these unorganized conditions there have developed weaknesses. In the first place the fact that there are no assigned spaces results in farmers having to start for market much earlier than necessary, as has already been pointed out. This fact also keeps away many farmers who would otherwise come. The congestion resulting from no regular lay-out and assignment of spaces results in the greatest confusion. Wagons are jammed in in every conceivable way, and it is difficult to pass from one part of the market to another, and for a huckster to carry goods that he has bought from a farmer's wagon to his own. On account of this congestion and demoralization many retailers who would otherwise come to the market stay away. The chaotic conditions also lead to more or less thieving, and it is said that dealers dislike to leave their own wagons for any length of time to go to some other part of the market. It is alleged that the sanitary conditions are poor, in that there are no adequate provisions for keeping the street clean. It is also said that the market is so disorganized that there is no very definite market price, and that goods of the same quality are sold at different prices in different parts of the market. Complaint is also made that there is an undue amount of speculation, and that some men give their whole time to buying up goods, in order to re-sell them in the market at a profit. A certain amount of this buying to sell again possibly has a beneficial effect in that it tends to bring about a better adjustment of prices and a better price level throughout the whole market; but it is further alleged that such speculators, or "jockers" as they are locally called, are able to corner the market on certain articles and boost the prices to an unnatural level.

Enough has been said to show how unsatisfactory the conditions are in the Commerce Street Market, and it is perfectly evident that something definite should be done as soon as possible to improve conditions. In deciding what should be done, it will be of value to know what provisions other cities make in the way of public markets for farmers.

MARKETS IN OTHER CITIES

In connection with this investigation no first hand study has been made of the market policies of other cities, except that one visit was made to Providence, where the farmers have their own coöperative market, and where it was believed some information might be gathered which would be of special value to New Haven in solving her problem. On the whole, the information about other cities, as derived from printed sources, is meager and fragmentary, and it would appear desirable that a more intensive study

be made of the market policies of a few leading cities, before a permanent policy is decided upon for New Haven.

Information with regard to markets in fifty-four cities in the United States indicates that fifty own and control their own markets, and that seven of these have privately owned markets in addition to those owned by the city; the other four cities have only privately owned markets.

Many of these cities, especially the larger ones, have market spaces which are rented to retailers, and in all such cases there is a market building, or at least a covered market place. Most of the cities also have provision for farmers, and in some cases the farmers' markets are covered and in others they are open curb markets.

The market place is always laid off into spaces or stalls, and rents are charged to farmers for the use of these spaces. The rent is commonly from ten cents to twenty-five cents a day depending upon the size of the wagon, and in some places according to the location within the market. It is also customary to have a season rate, such rate ranging from ten dollars to twenty-five dollars. One city auctions off its curb spaces at the beginning of each year, and the prices paid by growers range from fifteen dollars to three hundred dollars for the season. Most of the city markets are self-sustaining financially, and some of the larger markets, where space is rented to retail dealers, yield profits to the city. The best policy, however, appears to be for the city to charge only enough to pay the operating expenses of the markets.

Most of the cities having markets have market masters, who are paid from nine hundred dollars to twelve hundred dollars a year. In some cases a member of the police force is made the market master. Most cities also have provisions for inspection of sanitary conditions; in some cases a regular inspector is kept in the market all the time; in other cases the Board of Health sends an inspector to the market occasionally. Inspection of weights and measures also has to be provided for, and this function is already being performed efficiently in the New Haven market.

A farmers' market may be owned by the city, owned by a private corporation, or owned by the farmers themselves. The commonest form is a city-owned market, such as has been described above. Privately owned markets are in some cases successful, and where successful are apt to be operated more efficiently and intelligently than a city owned market. The following description of a market in Kansas City, Kansas, furnishes a good illustration of a privately owned market:[1]

"There is here a public market which is owned . . . by a stock company, and the rules and regulations are established by this company. The market may be considered a success when it is stated that it has paid the stock company four six-per-cent dividends in six years and has set aside $4,000 as a surplus. The market master receives a salary of $480, and the annual expenses of the market, including salary, are $1,800. The market building proper is occupied by wholesale farmers, but about 75 farmers gather each morning at the curb, for which they pay 25 cents per morning,

[1] *The American City*, Feb. 1913, p. 129.

or from $9 to $12 per season, for wagon space of seven feet, this latter payment giving the farmer a regular place to stand . . . The market received shipments from other communities, principally fruit, vegetables, butter and eggs."

Minneapolis also has a successful farmers' market, which is owned and operated as a private enterprise. The following description of this market furnishes some valuable suggestions:[1]

"Stalls for the entire season cost $25 each, and for the berry season only, ten dollars each. A stall may be rented by two gardeners who may occupy it on alternate days. Transients are charged twenty-five cents a day for the use of a stall. When a grower signs for a stall he agrees to the following rules and regulations: 'It being a special agreement under which this stall is rented, the tenant only has the use of the same when personally occupying it with his wagon, with the horses off, and the pole or shafts detached and out of the way, and he is not to sublet for any part of this season nor have any control over the occupancy of this stand except when he is personally using the same, and it is optional with the Central City Market Company to put any other tenant in this stand when it becomes vacant, either by the absence of this tenant or by his non-payment of rent when it is due. The tenant occupying this stand also agrees not to deposit any decayed or spoiled vegetable matter on this stand or on the pavement in the driveway in front of this stand, and that all such refuse matter he may have on his load he will remove from the market place, and that no huckster business will be done on this stall, and no sale to be made before 6 A. M.' By huckstering is meant in this contract the buying of products by a grower for the purpose of reselling on the Central Market. This regulation does not apply to certain stalls, twenty in number, which are rented expressly for the purpose of buying and selling. Huckstering as a general practice on a market of this kind is not to be encouraged, but the setting aside of a few stalls for this purpose helps to keep the market normal. . . . The growers need no special license to sell the products at the Central Market and they may sell to whomever they please. If they have any vegetables left that they are unable to dispose of at the market, they often unload to a dealer on Commission Row . . ."

The market itself is described as follows: "The market court has three sheds which are twelve feet wide and 330 feet long, with stalls on each side, which are six feet wide. The wagons back up to raised platforms, which extend the full length of the market, and on these the products are displayed. The stalls are wide enough to accommodate the customary wagons, but the large trucks now coming into use require more room. The same condition exists in regard to the driveways between the sheds which are forty-five feet wide; . . . when the market is in full swing it is almost impossible for teams to get in or out."

"The Central City Market is mainly a wholesale market, altho it is patronized to some extent by consumers. It is a local growers' market and only local products can be sold on it."

---

[1] Weld, Studies in the Marketing of Farm Products, University of Minnesota, 1915.

Although such a privately owned market is often the most efficient form, the financial possibilities are not usually sufficient to attract private capital, and it is not likely that this solution would be possible in New Haven, although the descriptions given above offer some helpful suggestions. The other possibility, that of a market owned and operated by the farmers themselves, has been tried out in at least two cities, viz., Louisville, Kentucky, and Providence, Rhode Island. The Louisville market has been described as follows:[1]

"The public market in Louisville is a private stock company, known as the Gardeners' and Farmers' Market Company, 90 per cent of the stock being owned by truck farmers around Louisville. The market master receives a salary of $1,500 per annum. . . . Unlike many markets the prices of the booths are not set, but booths are sold at auction each year. There are between 500 and 600 booths. Between 300 and 400 farmers use the market daily, and from all appearances the commission men and produce dealers are friendly to the market, which receives no shipments from other communities."

Providence has the most interesting and important example of a market owned and operated by the farmers themselves. Formerly space was allotted by the city to farmers in the middle of the wholesale produce section, but owing to dissatisfaction with the city management, the farmers decided to have their own market place. They bought coöperatively a large lot of land about one mile from the previous location, and although there were some who believed that it would be unsatisfactory to locate at such a distance from the produce section, it appears that trade has followed the market, and that there is no particular disadvantage in being separated from the food trade section. The farmers are incorporated and their dues of $43.00 per year pay interest on their mortgage and allow enough to put into a sinking fund to ultimately pay off the debt.

This market is an open one, except that a few sheds have been built for the largest growers. The market place is laid off in spaces whose dimensions are 11 by 22 feet, and each member is assigned to a space. There is but little choice in the locations, because the market is laid out with streets running between the rows of spaces, and the hucksters and retail merchants who buy in the market are kept moving through these streets.

No provision is made in this market for direct sale to consumers and the managers do not believe that such a thing is feasible. It is roughly estimated that about 60 per cent of the goods sold in this market goes to hucksters, some of whom sell direct to consumers, whereas others sell at wholesale to small retail stores; the remainder goes to the regular produce commission men or wholesalers and to large retailers and boarding houses who send wagons to market. An interesting feature of this market is that farmers sell a large amount of produce which they do not themselves produce; they buy such commodities as sweet potatoes and onions which are not raised near Providence, and in this way they become wholesale dealers to a certain extent.

[1] *The American City,* February, 1913.

There are 204 members of the Association which owns and operates the market place. It is estimated that 40 per cent of these growers are Italians, 20 per cent Americans, 20 per cent Portuguese, 10 per cent Armenians, 3 per cent Scandinavians and 7 per cent Greeks, Turks, and miscellaneous. The American growers, however, are by far the heaviest producers, and control probably 75 per cent of the produce sold. It has been found that many of the foreigners are good coöperators, especially the Italians; the Portuguese, on the other hand, do not work together with the others so well.

The spaces are covered with concrete to make the market sanitary; horses are unhitched from the wagons and the Association has its own livery barn where a charge of 25 cents per horse per day is made. The market master, who is a pensioned police officer, is employed at $18.00 a week, and he has general control of the whole market, settles disputes, etc. The market opens as early as three A. M. at the height of the season, and at four or five o'clock during other seasons. Boston prices are followed closely and furnish the basis for prices in the Providence market. Telegraphic advices are received from Boston early each morning. The Association has its own restaurant on the grounds where growers can get their breakfasts.

CHAPTER V

THE MARKETING OF BUTTER AND EGGS IN NEW HAVEN

By H. Bruce Price

I. THE WHOLESALE TRADE

There are five wholesale companies in New Haven which supply retailers with butter and eggs, and one wholesale company in West Haven which handles small quantities. However, the three butter and egg wholesale dealers who are located on George Street and who specialize in these commodities provide New Haven with the greater part of its supply. The other two houses handle butter and eggs as a side line and hence do not play an important rôle in their distribution. Wholesale houses of New York, Springfield, and other New England cities sell some butter and eggs to New Haven retailers but only a small part of the total consumption.

About ninety-two or ninety-three per cent of the butter which passes through the New Haven wholesale channels is "centralizer creamery." This is butter which is manufactured in creameries of the Middle West which secure their cream largely from distant points. The cream is often held by farmers for several days before shipping and hence does not reach the creameries in the best of condition. The resulting butter is of medium grade and of standard quality; it is pasteurized and perfectly wholesome. The country creamery, or "whole-milk," butter which is manufactured in a small creamery which serves only a limited territory, and hence has a supply of good raw material, comprises only about five per cent of the butter that the wholesale houses sell. This is the highest grade fancy butter. The

remaining two per cent includes "process" or "renovated" butter. This is farm-made butter that has been melted and cleaned and reworked to make it palatable, and this is the poorest grade of butter. Oleomargarine is used in very small quantities and constitutes not more than one-fourth of one per cent of the total amount of butter sold in New Haven; this is used primarily by the hotels and restaurants.

The significant feature of the New Haven butter trade is the large amount of the medium grade butter which is consumed and the small amounts of high grade, low grade, and butter substitutes. In former, less prosperous years, the consumption of oleomargarine was greater than at present, but according to the produce dealers it has never been extensively used as a substitute for butter. This is also true of process butter. In its small consumption of high grade butter, New Haven does not differ materially from most other large cities, which use centralizer butter in large quantities. This is not true of New York and Philadelphia, however, which demand the best country-creamery product. Dealers say that the amount of high quality butter consumed in New Haven has decreased rather than increased during recent years. A New Haven retail merchant who has sold butter in New Haven for thirty years and who sells nothing but a high grade product, states that he is selling less than half as much butter as in former years because consumers prefer the cheaper grades. A wholesale company which formerly took the entire output of a large creamery in New York State is now selling centralizer butter exclusively because the demand for this high grade fell off. The rising prices of butter in recent years doubtless account for this change in demand. Furthermore, a very small proportion of the city's population is really able to distinguish high from medium quality butter.

SOURCE OF WHOLESALE SUPPLY

New Haven is almost entirely dependent upon the West for its supply of butter and eggs, owing to the limited production in New England. During the winter Connecticut henneries provide fresh eggs which command fancy prices, and they also provide considerable quantities during the spring and summer; likewise the dairies and creameries supply some butter. Locally produced butter and eggs are commonly sold direct to the retail store or to the consumer, and constitute an insignificant part of the supply.

Although the New Haven wholesalers buy some butter and eggs in New York and Chicago, they buy the bulk of their supply direct from creameries and egg shippers in the West. The small quantities purchased in the open markets at New York or Chicago are usually to meet temporary conditions, although some large purchases are made in Chicago for storage purposes. Some goods are also bought through Chicago brokers.

Practically all of the butter comes direct from the western creameries. As in other cities, the wholesalers keep in direct touch with these creameries, and, in some instances, contract to take the whole output of a creamery. This policy is particularly well adapted to buying centralizer butter because it is consumed in such large quantities in New Haven. In most cases, how-

ever, a wholesale company takes only a part of any one creamery's output, but buys from a number of them. The centralizer butter comes from the Middle Western states of Iowa, Illinois, Indiana, Nebraska, and Minnesota; while the whole-milk creamery butter comes largely from New York creameries, and is handled in an important way by only one New Haven produce company.

The sources and methods of buying eggs are similar to those of buying butter. The Connecticut egg producers find an outlet for their surplus production during the flush season through the New England butter and egg wholesalers, but otherwise they sell direct to merchants and consumers; small quantities, as has been suggested, are bought in New York City; but the chief source of supply is the Middle West. A considerable part of this western supply is bought through Chicago brokers but the principal part is bought direct from "egg-packers" in Michigan, Illinois, Indiana and other heavy egg-producing states.

Early in the producing season, in February or the first part of March, the wholesalers get into communication with egg-packers either through personal representatives, through correspondence, or both. They begin in the South Central section, in Tennessee or Kentucky, some starting as far South as Alabama, and gradually work northward as the spring opens and the laying begins. Wholesalers are particularly busy at the opening of the season, for the spring eggs are the choice product for cold storage, since they have been exposed to neither extreme heat nor cold. Recent studies[1] show that of the total storage receipts 41.9 per cent of eggs are placed in storage in April, 25 per cent in May, and 12.5 in June, approximately 80 per cent going into storage during the three spring months.

It is of interest to know that the quality of eggs varies from one section of the country to another, depending upon the climate, soil, nature of food, and the methods of producers. An expert egg buyer can often name the district from which an egg has come by merely looking at it. For this reason, an egg buyer can depend upon the quality of the eggs from a given section of the country and does not necessarily need a representative to examine them before purchasing, although there are advantages in having a travelling representative during the heavy producing season.

METHODS OF WHOLESALE PURCHASES AND SALES

New Haven is the distributing point for a small territory and consequently has no organized produce market with a market quotation; such butter and eggs as wholesalers buy are therefore purchased on the basis of the quotation of some other market. There is no fixed method of price determination among the wholesalers of New Haven; the price basis for each transaction is determined by the circumstances, and by the desires of buyer and seller. Butter is frequently bought from western creameries on the basis of the Chicago quotation, and occasionally the Elgin quotation is used; but it is more common to use the New York price, which is really the basic factor for New Haven prices.

[1] Weld, The Marketing of Farm Products, p. 148.

The methods of determining the price of eggs bought from western packers are likewise varied. Sometimes the Chicago quotation is used, sometimes agreements are made quite independent of any given market price, but generally the New York price is the determining factor.

The reader must bear in mind that there are many factors affecting the price which a New Haven wholesale company will pay a western shipper. There is the question of the prices in different markets. Normally the New York price is higher than the Chicago price by an amount equal to the freight charges from Chicago to New York; but market conditions may be such as to throw the markets out of line, i. e., the New York price may be higher or lower than the Chicago price plus the cost of transportation. If the New York price is low, western shippers will try to sell on the basis of the Chicago quotation and buyers will prefer the New York quotation, in which case the eastern buyer and the western shipper may agree upon a price more or less independent of either quotation. Where a wholesaler agrees to take the entire butter output of a creamery, the price basis is definitely determined so that there is no inconvenience from the above conditions, but little of the butter and none of the eggs are purchased by contract, and the price basis must be determined for each transaction. Consequently, buyers and shippers are alert to take advantage of price fluctuations, and hence different methods for determining prices are used.

Moreover, there is the question of whether the goods are bought f.o.b. shipping point or "delivered" in New Haven. Either the buyer or shipper must pay the transportation costs and bear the risks of transportation. When they are bought f.o.b. shipping point the receiver pays the freight charges and the price paid the shipper must necessarily be lower than a "delivered" price by an amount equal to the freight costs, although the final cost to the receiver is the same in either case. The method varies with different buyers—some buy exclusively on the basis of a "delivered" New Haven price, while others buy either f.o.b. or "delivered" to suit the shipper. In general, about seventy-five per cent of the butter is bought on the New Haven "delivered" basis while eggs are purchased almost exclusively by this method.

All freight from the West is shipped to New Haven on a "through" Boston rate so that the New Haven "delivered" price compares favorably with the Boston and is higher than the New York "delivered" price. The difference between the freight rate for butter from Chicago to New York and from Chicago to Boston is six cents per hundred weight in carload quantities, or one-sixteenth of one cent per pound, and the difference in the rate on eggs in carlots is correspondingly small. Consequently, the New Haven "delivered" butter and egg prices are only slightly higher than the "delivered" prices at New York City.

The wholesale trade uses the customary means of reaching the retail stores, namely, salesmen, who visit the retail merchants twice a week.

An unusual practice has developed, as a result of keen competition among the wholesale companies, of making written contracts with retailers to supply their butter and eggs during the fall and winter months when storage products are being used. The wholesalers approach the retail merchants in

April, and offer to contract to provide them with whatever storage butter and eggs they believe that they can use between September 1 and February 1 at a given price. The retailer in return agrees to take one-fifth of the supply each month. Contracts are also made for the July and August supply, but this is unusual, and is confined to the stores which want to be sure of a good quality for the summer trade.

It is impossible to state what part of the butter and egg supply is sold under contract, but it appears to be considerable. One wholesaler estimates that seventy per cent of the butter and eggs which he sells from September 1 to February 1 are sold in this manner, and since only one wholesaler does not follow the contract policy, it is probable that more than one-half of the New Haven supply, during these five months, is sold to retailers under contract.

Neither the wholesalers nor the retailers are enthusiastic over the policy of contracts, but as long as it exists, each wholesaler (except one) feels under obligation to follow it in order to be sure of his share of business. The Wholesale Produce Dealers' Association of Connecticut at its annual meeting about twelve years ago tried to secure an agreement among its members to discontinue the policy, but as one important wholesale company refused to consider it, the movement came to naught.

The advantage to the retailer of buying under contract is that he is sure of the amount of goods contracted for; if prices rise above the contract price as they have during 1916-17, he will also realize a profit; but if they fall, he experiences a loss. Retail merchants, on the whole, are of the opinion that they gain nothing by contracts. One merchant has expressed their attitude in the statement, "We don't care to make contracts, but the wholesalers come around in the spring and talk us into it."

The chief advantage accrues to the wholesale houses which are thereby protected against market fluctuations and are guaranteed a small but sure profit. Moreover, they are certain of disposing of a definite quantity of their cold-storage goods and have an outlet for other products which they may handle. There is, however, some difficulty in securing an observance of contracts. No charges have been made against the wholesale companies for failing to meet such agreements, but there is complaint that the retail stores do not observe them closely. It is charged that when prices fall, a few merchants refuse to take the goods as agreed; and since no margin is required of them when the contract is made, the only recourse of the wholesaler is to take his loss and refuse to do business with the merchant in the future. When prices rise, such merchants resort to various subtle devices to secure more goods than their contracts call for. It is for these reasons that one wholesale company refuses to contract with merchants; it believes that the possible gains are more than offset by the increased accounting costs and the annoyance. Butter and eggs, however, are only a side line with this company, so that it can follow such a course; whereas a large wholesale company is almost forced to it when its competitors are making contracts.

RETAIL STORES

Any analysis of the retail distribution of butter and eggs must consider the three classes of retail stores, namely, small stores, large stores, and chain stores. This is necessary because the business methods vary with these different types. It has been pointed out that much of the New Haven butter and egg supply passes through the New Haven wholesale houses. There are, however, two other sources of supply of which the retailers avail themselves, namely, the farmers, and wholesale dealers in other cities.

Nearly all of the dairy and poultry products of the small retail stores is bought from the New Haven wholesalers. Their volume of business is so small that it does not pay them to buy from New York or other wholesale markets. Most of them, however, do secure their strictly fresh eggs direct from producers who are either general farmers or local poultry specialists. In the case of butter, the nature of the product and the location of the supply make it unprofitable to attempt to try buying direct, so they are content with the local wholesale service. It is somewhat different for fresh eggs, which are produced on a small scale by local farmers or "henneries," and which are delivered to the stores by the producers. Or if they are produced at too great distance, they may be shipped in small quantities by express or parcel post.

The large retail stores are in a better position to take advantage of sources other than New Haven wholesale houses. These stores send buyers to New York two or three times a week to buy such supplies as can be obtained to advantage in that market. It sometimes happens that the New Haven wholesale price is such that it pays these stores to buy butter and eggs in New York; but these purchases constitute only a small amount as compared with the total amount purchased from New Haven wholesale houses.

The Springfield, Bridgeport, Waterbury, and New York markets offer severe competition to the New Haven wholesale companies, so their prices must be reasonable: but the method of determining the New Haven wholesale price sometimes places this market out of line with New York. The customary method is to make the New Haven wholesale price of butter and eggs on the basis of the New York quotation of the preceding day. For example, a wholesale company purchases a lot of butter in New York at 30 cents per lb. The butter is shipped to New Haven that evening and is sold in New Haven the next day on the basis of the purchase price of the previous day. For the small stores this is satisfactory, for they usually follow the quotations of the New York newspapers, which give the quotations of the previous day; besides they are not in a position to buy in New York if the New Haven price is higher than New York, allowing for transportation cost. But it is different with the large retail store. Suppose that the New York quotation falls to 28 cents. The large retail store which keeps in touch with the New York market will not be willing to pay the New Haven wholesaler 30 cents plus transportation costs when it already has a representative in New York who can buy at 28 cents plus transportation costs, and unless the New Haven wholesale firms meet this New York price, it is clearly to the advantage of the store to buy in New York.

This places the New Haven wholesale houses in a peculiar position. When the New York prices rise, it is difficult to raise prices on goods purchased on the previous day, because the small stores follow the quotations of the previous day and will resist the rise; and when the prices in New York fall, the large retail stores are ready to take advantage of it. With such keen competition it is scarcely conceivable that high prices are the result of conspiracy on the part of the New Haven butter and egg wholesalers.

The large stores depend upon direct purchases from producers for their strictly fresh eggs, which are usually delivered by producers in person. Some of these stores also buy their high grade creamery butter direct from a Connecticut or Vermont creamery. It seems to be not a question of getting this butter cheaper, but of receiving the desired high grade for a special class of trade.

The general policy of the chain stores is to use their own organization for the purchase and distribution of butter and eggs. Each chain store company has its own purchasing department, which buys from packers and creameries in the same manner as the wholesale companies, and has storage and distributing plants at Boston, New York or other points of advantage. From these central plants goods are sent to each store in such quantities and at such intervals as are convenient. In this way, the chain stores are independent of the wholesale companies and do not rely upon them for their supplies. There is one important exception in New Haven of a chain of large stores which relies almost exclusively upon the New Haven wholesale companies for its butter and eggs, but aside from this company practically all of the butter and eggs handled by the chain stores comes through their own wholesale organizations.

These chain stores buy in large quantities at prices as favorable as the largest wholesale company; where they have a number of stores and a large trade, they can ship in carlot quantities and hence receive as low transportation rates as a wholesale company. So that they are operating at high efficiency and afford keen competition to the rest of the distribution system. One system alone has fifteen stores in New Haven and there are several other companies each with a number of stores and doing a large business, which, on the whole, is a very important consideration in the distribution of butter and eggs.

The selling of butter and eggs in prints and cartons is of interest. The tendency is to sell eggs in cartons, since they are more conveniently handled in this way. Part of these are put in cartons by the wholesale companies and part of them are put up by the retail store. In either case it means an additional cost of perhaps one cent per dozen. Butter is generally sold from tubs; one retailer estimates that 90 per cent of the New Haven butter is sold in this way; although this is probably a high estimate, the amount of print butter is relatively small. Many stores, including the chain stores, do not handle print butter at all.

Prints are sold under both wholesalers' and retailers' brands. Two or three of the print butters are nationally advertised brands, but there are many well-known local brands put out by the local wholesalers. All of the

well-known brands are centralized butter. The retail stores which buy their butter direct from a creamery usually have their prints in wrappers bearing their own brands, although some of the highest quality butter in New Haven bears the name of the creamery which makes it. The opinion of the trade is that the amount of print butter has not increased relatively during the last three or four years, which is probably due to the higher price of butter during these years.

Retail Prices

Any study of retail marketing is incomplete without an analysis of retail prices, which shows comparative prices in different localities and the approximate margin of profit taken by retail middlemen. In order to secure adequate data, retail prices of the best quality of butter and eggs were obtained from thirty stores in New Haven on the morning of March 2. These included representative stores in the principal sections of the city.

Table No. 1

Retail Butter Prices in New Haven

Location	Print		Tub	
	Range	Average	Range	Average
City Point	none	48	none	45
State St.	40–50	46½	42–45	43.1
Fair Haven	45–48	47	40–46	43¾
Dixwell Ave.	45–52	50	42–46	44½
West Chapel	none	50	42–45	44
Miscellaneous	45–55	47½	41–48	44
Average		47.8+		44+

Prices were secured for both print and tub butter. The "range" represents the difference of prices between stores, and not the range of prices for a given grade or for a given store. It will be noted that in a few instances there is no range—that the same price was charged by all stores for their highest grade butter. Moreover, the greatest range is found on State Street and in the miscellaneous class which includes all stores that represent no distinct retail section, and are not included in any one of the other five groups. This greater range is due to the greater variety in the class of stores. It is also interesting to note that the lowest average prices are found on State Street, where the largest stores are located.

Table No. 2

Comparison of Retail Butter Prices in New Haven and other Cities

Location	Print		Tub	
	Range	Average	Range	Average
New Haven	40–55	47.8	40–48	44+
Springfield	45–50	48.5	41–46	43.6
Hartford	47–53	49.4	43–48	45
Bridgeport	45–50	46.5	42–46	44
New York	47–52	48.5	43–47	45

Table No. 2 gives the retail butter prices of representative stores in cities located near New Haven and which were secured on the same day as the New Haven prices. There is a remarkably small difference between the average price of both print and tub butter for these cities,—less than 2 cents. Moreover, it should be noted that the New Haven price is second lowest, Bridgeport having the lowest price for print, and Springfield the lowest price for tub butter.

The reader will appreciate the difficulty of securing a satisfactory standard by which to judge prices. The ideal method would be to secure the prices on the same grade commodity, but as it is difficult to determine the exact quality, and since the quality varies so greatly among stores and among cities, this method is impossible. The method used, of securing the price of the highest grade sold, seems the most practicable. And while it is open to criticism on the ground that it does not consider a common standard of quality, it has nevertheless provided a fairly definite basis to compare price levels. For example, it is well known that New York uses a higher grade of butter than New Haven, which the difference of nearly a cent per pound would indicate in the above table. A study of price levels in New Haven shows that the differences in prices for the same brand of butter, for example Gold Medal or Glenwood prints, correspond closely to the differences found in Table 1.

TABLE NO. 3

Retail Egg Price in New Haven

Location	Strictly Fresh Range	Strictly Fresh Average	Fresh Western Range	Fresh Western Average
State St.	42–60	51.4	39–45	41
West Chapel	55–60	58⅓	45–50	47½
Dixwell Ave.	45–60	54	39–50	45⅔
City Point	50–55	52½	none	45
Fair Haven	45–55	50	30–40	45½
Miscellaneous	38–60	53	38–50	43½
Average		53⅓		43½

Table No. 3 shows the retail prices of strictly fresh and western fresh eggs in New Haven on March 2. The range, as in table 1, refers to the difference in price between stores. There is a wide range in egg prices, particularly for strictly fresh, due to a difference in the quality of eggs and to a difference in the class of stock; but the average prices for the strictly fresh grade of the different sections of the city vary closely with the average prices of western fresh, so that the exceptionally wide ranges for strictly fresh eggs do not vitiate the results. It is interesting to note the wide spread of approximately ten cents between strictly fresh and western fresh eggs. At the time the study was made, western fresh eggs which were coming from the South and South West, were being marketed in comparatively large quantities, while the strictly fresh eggs which are produced primarily in Connecticut, were still scare with comparatively high prices.

TABLE No. 4

Comparison of New Haven Retail Egg Price with prices in Neighboring Cities

Name	Strictly Fresh Range	Strictly Fresh Average	Western Fresh Range	Western Fresh Average
New Haven	38–60	53.3	38–50	43.5
Springfield	49–60	53.3	40–48	43.6
Hartford	55–60	57	45–50	48.7
Bridgeport	40–60	50	41–50	44.8
New York	38–55	45.3	37–43	39.2

A comparison of prices in the above table discloses a wide variation in the average price of eggs in different cities: highest prices are found in Hartford and lowest prices in New York, with a difference of 11.7 cents for strictly fresh eggs and 9.5 cents for western fresh. A close similarity exists in the New Haven and Springfield prices, although the Springfield stores grade eggs according to color, which gives them a better appearance than the eggs in the New Haven stores, where little attention is paid to color.

Among the many reasons given for the high cost of living is the popular idea that it is due to the profits of the middleman. The following table shows the part which New Haven retailers and wholesale houses have in New Haven butter and egg prices:

TABLE No. 5

Comparison of Retail and Wholesale Prices for Butter and Eggs

	New Haven Retail Prices (Mar. 2, 1917)	New Haven Wholesale Price (Mar. 2, 1917)	New York Wholesale Price (Mar. 1, 1917)
Butter	44 cts.	39 @ 40 cts.	38 @ 39 cts.
Eggs	43½ cts.	35 @ 36 cts.	33 @ 34 cts.

The retail stores' margin is 4½ to 5 cents on butter, and 8 cents on eggs. This may appear as a large profit, but when we consider that the cost of conducting a retail store is 18 to 20 per cent of its sales, the margins taken by these retailers do not appear to be excessive. Besides, these prices were obtained during a period of falling prices, and the tendency is for retail prices to lag behind wholesale prices; and therefore the margin between retail and wholesale prices was greater than under normal conditions.

It is also interesting to compare the New Haven wholesale price and the New York wholesale price. The New York wholesale price for March 1 is taken because it is the basis of the New Haven price on March 2. It should be noted that the New Haven wholesale price for butter is one cent above the New York wholesale price, but the New York quotation is for butter sold in large quantities by commission houses or wholesale receivers to jobbers, who add about one and a half cents a pound in selling to retailers. So there is very little difference between the prices paid by New Haven and New York retailers for their butter. Although the table shows a difference of two cents in the New Haven and New York wholesale prices of eggs, the New York quotation is again for wholesale lots to jobbers, and the price to retailers is from one cent to one and a half cents higher, making the

price paid by retailers approximately the same in the two cities. The New York quotations shown in the table are really the prices that New Haven wholesalers have to pay in that city, indicating that the margins taken by New Haven wholesalers, out of which have to be paid freight, cartage, and marketing costs, are very small on both butter and eggs, and account for a small increment of final retail prices.

We must conclude then that New Haven butter and egg prices are not exorbitant when compared with prices in neighboring cities; and that the service is rendered as cheaply as may be expected. The New Haven retail stores and wholesale produce houses are not charging excessive prices for their service. There is also every indication that there is free competition among the New Haven houses, rather than any conspiracy to maintain prices.

Cold Storage

It has been mentioned that the New Haven wholesale produce companies buy butter and eggs to hold in storage; but only a part is held in New Haven because of limited storage facilities. Only one wholesale company has cold storage capacity for all of its produce, and has but a limited amount of space to rent to others. Another wholesale company has cold storage space for about two-thirds of its supply, while the other companies have capacity for only a few carloads. Probably not more than one-half of the cold storage butter and eggs sold by the New Haven wholesale companies is held in New Haven storage facilities. The remainder is held in other cities, like Chicago, Buffalo, and Springfield, where cold storage space can be rented.

Opinion is divided on the question of the desirability of more cold storage facilities in New Haven. Some of those in close touch with the produce trade maintain that the demand for storage space is so small that a public cold storage plant would not pay. They say that for a short period in the autumn there is demand for space for apples; that there is some demand for facilities for storing furs, meat, and general produce; but that the present facilities meet this demand so well that a public storage house would not pay.

On the other hand, there are those who think that a public cold storage plant with adequate terminal facilities is desirable and would be profitable. The manager of one wholesale company is so sure that it would be successful that he is willing to take stock in such an undertaking. On the whole, New Haven is without adequate storage capacity, and its terminal facilities are poor as compared with those of other cities of its size. Not all of the present cold storage butter and eggs which are held in other cities, however, would come to a New Haven cold storage plant; the chain stores would not utilize it to any extent because they provide their own storage facilities. But there is reason to believe that a small public cold storage plant with good terminal facilities would attract enough wholesale produce companies and retail stores to make it a paying proposition. Instead of having the produce stored in other cities and then reshipped to New Haven to be handled again as at present, it could be placed in a New Haven storage plant and the cost of one handling would be saved.

CHAPTER VI

THE MARKETING OF MEAT IN NEW HAVEN

By R. E. Badger

In discussing this topic it seems best to begin with a brief discussion of the slaughtering and meat packing industry in the United States, and then to take up the wholesale and retail trade in New Haven. The reasons for speaking of the packing industry are: first, that almost all of New Haven's meat supply comes from the large western packers, and it will add interest to follow the meat from the live animal to the consumer; secondly, there is a popular misconception that the western packers extort an unfair price from the consumer and that they are responsible for the high prices of meat.

Turning then, to the organization of the meat slaughtering and packing industry in the United States, we find that a large part of the business is centered in the hands of a few such concerns as Swift & Co., Armour & Co., the Cudahy Packing Co., etc. These concerns all carry on business on a large scale and are capitalized at amounts ranging from $5,000,000 to $35,000,000. These companies are independent of each other in ownership, and the Government has been unable to discover evidence that they are working together to control the prices of live stock or meats.

Large scale operation is the necessary outcome of conditions peculiar to the meat packing industry. By far the greater part of the live stock is raised in the states of Texas, Iowa, Kansas, Nebraska, Wisconsin, Missouri, and Illinois, while the principal points of consumption are in the east. With the introduction of the refrigerator car in the late seventies and early eighties it was found more economical to slaughter the cattle in the west, and ship to the east the dressed meat and valuable byproducts, rather than the live cattle, which shrunk en route and required careful attention. As a result, the slaughtering industry has tended to become established near the supply of live cattle.

The industry has further become localized in a few large packing centers such as Chicago, Kansas City, Omaha, St. Louis, and Fort Worth, because the complete utilization of byproducts requires an elaborate plant which is economically possible only when a sufficiently large amount of business can be handled. The principal reason, however, for large scale operation lies in the technical processes of the industry. If one man were to attempt to dress steers, were he very skilled in the operation, he might dress one a day. If 157 men were used, as is the case in the large packing houses, each specializing in some one very small operation, these 157 men can slaughter and dress 1000 cattle in 10 hours, or an average of 6.6 cattle per day. In the former case the cost would be over $3 a head, in the latter case about 75 cents a head; but the equipment and organization required for the latter process is not economically possible unless a large business can be handled. Hence there has been a growing tendency toward large scale operation. The integration of the slaughtering plants and byproducts plants brings a further saving and consequently came as a natural result. These fundamental facts account for the present situation in the slaughtering industry.

It would be very interesting to trace the actual operations performed in transforming the live animal to dressed meat, but that would be beyond the scope of this paper. What we are particularly interested in are costs, and the elements which constitute these costs, in the various stages of this transformation.

The first step in the process, of course, is the cost of transporting the live animal to the primary market, say Chicago. This cost is relatively slight, amounting to about 50 cents for 100 pounds, or roughly about one half cent per pound, for cattle shipped a distance of 200 or 300 miles. (This charge includes a commission for the cattle buyer, freight yardage, feeding, etc.) Hence there is a very small difference between the price of cattle on the farm and the price quoted in the primary market, but a price varying somewhat according to the accessibility to this market. The principal purchasers of cattle in the primary markets are the large packing houses and the principal source of our supplies of fresh meats is the output of these houses. The next element in cost, therefore, is between the live cattle price and the price to retailers for dressed meats, or in brief the wholesale price. By way of anticipation it should be said that these large houses dispose of their fresh meats through their own branch houses, or commission houses which they control. These branch houses sell largely direct to retail butchers in different parts of the country, but sometimes they sell to jobbers, who in turn cater to the retail trade. It is commonly thought that the packer takes out a very wide margin of profit between the price he pays for cattle and the price at which he sells to the retailer. That this belief is erroneous can be proved; in fact it is an interesting fact that the packer not infrequently sells the edible carcass at a price lower than he paid for the live animal,—because he also gets returns for the byproducts.

The packer, when he buys cattle, buys about 55 per cent of edible meat and 45 per cent of other material which is of no value for food purposes. If this remaining 45 per cent were not made use of, it is evident that the edible meat would have to sell at a price 182 per cent as great as was paid for the live weight in order to realize a gross price equal to what was paid for the carcass. Take a 1000 pound steer—only 550 pounds of meat are available for sale to butchers. If 10 cents per pound is paid for the steer undressed, 18.18 cents per pound would have to be charged for the dressed meat alone to realize the $100 paid for the live steer, to say nothing of the cost of slaughtering and marketing. The corresponding "dressing per cent" for lambs is 50, and for hogs, 75.

In order to see what profit one packer makes on edible meat, let us take at random the condition of the market for the week ending Feb. 24, 1917. (The same results, however, might be obtained from the figures of any other week.)

Chicago livestock market		(Dressing ratio)	Price necessary to realize amt.	
Grade	Quotations	Per cent of dressed meat to gross wt.	paid to farmer if only dressed meat were usable	Chicago prices actually quoted by packers
Choice Steers	10.0	55%	18.2	16.0
Western Lambs	13.5	50%	27.0	19.0
Hogs	12.2	75%	16.5	14.5

From these figures it may be seen that the packing house receives less for the "actual edible meat" than was paid for it. If, now, we were to abolish the large slaughtering concerns and substitute a system of independent slaughterers spread over the country, under which system little or no use could be made of a large proportion of the byproducts of cattle, would meat be higher or cheaper? It is very clear that the complete utilization of byproducts, made possible by large packing companies, results in a lower price for meat than could otherwise be the case, especially as all manufacturing costs are reduced to a minimum.

The packer must make a profit, though, and does make one—for he skillfully manufactures the various byproducts and realizes on these as well as the actual edible meat. The actual gross profit realized by a packer differs, inasmuch as some lots or shipments realize more than others. The gross margins realized on nine lots of cattle as shown on page 71 in Report No. 113 of the United States Department of Agriculture, 1916, "Methods and Costs of Marketing Livestock," expressed as per cents of total sales, were as follows: 8.44; 4.35; 7.64; 8.68; 3.92; 1.86; 6.53; 6.02; 6.53. This, let it be noted, is gross margin. These gross margins cover what was realized on all of the saleable products of the cattle, except the more refined byproducts. Before the packer has realized a net profit he has still to deduct the expenses of doing business. The expenses of one large packing house in 1914 amounted to .58 of a cent for every pound of beef dressed. The expenses of branch houses at that same time were .52 of a cent for every pound handled. From these figures it may readily be seen that no exorbitant profit is exacted by the packer.

What has been said so far is more or less anticipatory to our main object,—a discussion of the meat situation in New Haven; but it has such a vital connection with it that to omit it would be like starting to read a book at the middle chapter. With the above points in mind we will now turn to our main subject, and examine the marketing of meat in New Haven both from the wholesale and retail side, and we will seek to ascertain the further spread in the cost of meat due to the amount taken out by the retailer before the meat finally reaches the consumer.

The Wholesale Meat Market in New Haven

It is rather difficult to define exactly what is meant by selling meat at wholesale, for there is a tendency for one set of dealers to overlap another. Strictly speaking, by the wholesale price is meant the price at which certain standard wholesale cuts of meat are sold by packers' branch houses and jobbers to retailers and to railroads, steamships, and large hotels.

In New Haven meat is sold at wholesale by the branch houses of Morris & Co., Armour & Co., The Cudahy Packing Co., Wilson & Co., The Indianapolis Abattoir Co., and thru Strong, Barnes & Hart, which acts as a commission house for Swift & Company. In addition to these representatives of the large packers, there is a distinct class of jobbers who buy in large lots from the packers' branches in New Haven, New York, or Boston, and sell, perhaps in smaller lots on the average, to the retail,

hotel, and boarding house trade. There are four of these jobbers, two of whom have no warehouses but simply sell to the outlying retail stores from their autos. In addition to these two classes of dealers who are located in New Haven, several of the large Boston jobbing houses send representatives here every week, and one of them sends a salesman twice a week; not infrequently representatives of New York houses also visit New Haven. It is thus seen that New Haven is very well served from the wholesale side; in fact for a city of this size it is perhaps over-represented,—at least from the wholesalers' standpoint; for there is rather severe competition, and consequently New Haven is not considered a good market in which to sell. This point will be emphasized further when we discuss New Haven prices as compared with those of other markets.

All of the packers' branches or agents located in New Haven have large and well-equipped plants for handling fresh meats, each having its own "coolers" and refrigerating plants. The whole carcasses are shipped directly to New Haven by refrigerator cars from the parent company's slaughtering plant, whether this be in Chicago, Omaha, St. Louis, or Kansas City. From these cars the meat is quickly transported to their own refrigerators and kept there in a semi-frozen condition until delivered to the retailer. The larger retailers frequently make their selections by personally inspecting the meat in these coolers, but the houses send salesmen to canvass the smaller retailers. The houses all maintain equipment for delivering the meat to the retailer.

In selling beef, the wholesalers sell whole carcasses to the largest stores, while to the medium-sized stores they usually sell half carcasses or quarters, fore and hind. Then for the small dealers they cut the forequarter into the rib, chuck, shank, plate, brisket, shoulder; and the hind into round, loin, hip, and short loin. In the case of lambs they sell whole carcasses to the larger stores, as in the case of beef, while, if it is desired, they make the following cuts,—leg, loin, and rack. The customary pork cut sold here consists of loins. In addition to fresh meats some of these houses carry a line of eggs, butter, poultry, and canned goods.[1] There is no way of accurately determining what per cent of New Haven's meat supply comes from these western concerns, but from various estimates which have been made by those acquainted with the meat trade it is fairly safe to assume that about 90 per cent is handled by the western houses, either directly or indirectly through jobbers.

The next class of dealers to consider is the jobbers, who have definite functions to perform in the meat trade. For example the larger jobbing concerns, by buying and selling in other markets as well as in New Haven, act as steadiers of prices. Furthermore, these dealers buy in large quantities and perform the function of catering to a large class of small retail stores for which they make smaller cuts than it is economical for the large packing houses to make. Again, by having more intimate connection with the small dealer than the large houses, they are able to extend credit when the branch house would hesitate to do so. By buying in rather large quantities these dealers are able to get a somewhat lower price from packers'

[1] See Chapter on Butter and Eggs.

branches than is quoted on average retail lots, and they no doubt get a somewhat higher price for the smaller cuts. This difference in price represents only a margin of profit to which they are entitled in view of the service they perform. It was not found, however, that the prices of the large jobbers were any higher for the same grades of meat in the same quantities than those of the packers' branch houses.

The larger jobbers carry on their business in a manner quite similar to that of the branch houses. They have their own coolers and refrigerating systems. Retailers come in and make selections, or meat is sold by personal solicitation. In the case of the small jobbers, they have auto trucks which they load up with meat obtained from the larger houses and go around from store to store selling this supply. They take care of the smaller and cheaper stores and have almost no influence in the market. It is estimated that the jobbers as a whole handle about 8 per cent of New Haven's meat supply; two per cent is locally slaughtered; and the other 90 per cent is sold thru packers' branch houses and representatives.

LOCAL SLAUGHTERING

This gives us a general summary of the different classes of wholesale meat dealers in New Haven, their functions and their methods of doing business. The next topic is the extent to which local slaughtering is carried on in New Haven.

With the exception of a few old cows which are killed at Allingtown it may be said that no slaughtering of cattle is carried on in New Haven. The meat which is killed at Allingtown for the most part goes through the kosher ritual, the forequarter being consumed by New Haven Hebrews, while the hindquarters are sold to a cheap Italian trade. This cannot be said of hogs, however, for the firm of Sperry & Barnes has a very up to date slaughtering plant for killing and dressing hogs, and manufacturing pork products. They slaughter from 3000 to 4000 hogs a week, and among their products are found some of the best hams, bacons, and sausages marketed in New England. They ship the greater part of their live hogs from the west, although some are obtained from Vermont and a few from Connecticut farms. The local supply is so small and scattered, however, that it cannot be economically used to any very great extent. The firm of Strong, Barnes & Hart formerly did some beef slaughtering, but this has been discontinued during the past year, and their killing is now confined to sheep. They kill almost nothing now but Connecticut lambs obtained from the Lyman farms, and these lambs are of the very highest grade,—so far superior to western lambs that they regularly command a wholesale price of 2 to 3 cents a pound over the quotation of western lambs. The quality of this grade of lamb compares very favorably with the New York City dressed lambs. The output of these lambs is small as compared with the total consumption, and almost all of the output is disposed of in the local market.

MEAT PRICES

How are New Haven meat prices determined and what relation do they have to those of other cities? Theoretically one would say that New Haven prices would be higher than Chicago prices by an amount equal to the freight charges from Chicago to New Haven, plus the handling charges in New Haven. The freight rate on fresh meat is 47½ cents per hundred pounds, or a little less than half a cent per pound, and the handling cost may be estimated to be about the same, making a total of roughly $1.00 a hundred, or one cent a pound, to be added to the Chicago price. As a matter of fact, however, since the Chicago quotations are figured on a basis including the handling charge, we can include only the $.47 per hundredweight. While in the long run prices may show this difference, as a matter of fact New Haven prices are often below the New York or even the Chicago quotations. This is due to the presence of so many branch houses, and the resulting severe competition. It often happens that much meat is handled at a loss owing to this competition. When it occurs that all, or a large part, of the dealers have a slight surplus, to clear the market necessitates a low price, for it is better to sell at a slight loss than to reship to some other point. This is abnormal, but according to the concensus of opinion among the beef trade, prices are lower than Chicago prices very frequently.

There are two distinct arrangements under which packers' branch houses may operate. The branch house may handle all meats on a commission basis, selling meat for an agreed commission, its profits contingent on the amount of those commissions, or it may be simply a branch house of the main company, with its manager drawing a salary and deducting expenses from sales before refunding the same to the parent company. In either case the meat is shipped to the New Haven branch or agent under what is known as a "Request"; this is a figure representing the value of the lot in New Haven, based on Chicago prices. The dealer in New Haven attempts to follow this as far as possible, but he, of course, is confronted with the fact that there are many other dealers in the same market and it is "up to him" to dispose of his product. Should the market be overstocked, as it sometimes is, he would have to lower his price to dispose of his supply. The opinion of several of the larger houses was to the effect that the "request" price is not as a rule obtained, but that meats sell somewhat under these figures.

Figures were obtained showing how much of the spread between the price of live cattle and the price of meat to the retailer is attributable to the selling costs of the wholesale organization in New Haven. In an average branch house, the actual expense of doing business amounts to approximately 6 per cent of gross sales. With beef selling at 15 cents per pound this would mean less than 1 cent per pound. This indicates that the wholesalers take out a remarkably small margin to cover expenses. The high cost of meat is due, not to the excessive profit of the packer or the jobber, but to the increasing demand for meat and the diminishing production of cattle. The live-weight cost of cattle has actually risen 80 per cent since 1914, a fact

due to the conditions entirely beyond the control of any "beef trust," but resulting from fundamental economic conditions such as increasing population, demand for agricultural products which raise the value of land, and increasing demand for meat products. The consumer will perhaps be surprised to learn that his own little retailer, from whom he buys his roast of beef every week (or now perhaps every month) in reality takes a gross margin so far in excess of that which the packer takes, that the latter sinks into insignificance.

COMPARISON OF RETAIL AND WHOLESALE PRICES

It is difficult to make any exact comparison of prices because of the large number of variable factors. In cutting up meat to sell at retail, each individual store has its own peculiarities; each has its own method of making cuts, some trimming the meat more than others, and each has its own standard of service. These factors must all be reflected in the final price. As between different localities, there are still wider differences, and the peculiarity of the local demand,—whether it prefers rumps, sirloins, or roasts, also has its effect on prices. With this in mind we shall turn to the best available figures for making our comparison. The wholesale figures for New Haven given below represent actual quotations which were given by the packers' branch houses in New Haven for the week ending March 3, 1917. The wholesale figures for New York are based on the quotations appearing in the *National Provisioner* for March 3, 1917. The retail figures for New Haven and New York represent the averages of a large number of prices obtained from stores in various sections of the cities by personal interview on March second.

Cut	Wholesale N. Y.	Retail N. Y.	Wholesale N. H.	Retail N. H.
Sirloin	18–19	29.4	16–19	35.3
Round	14–15	29.3	16–17	32.9
Rib	18½–19	28.3	16–20	26.7
Chuck	13½–14	19.3	14	22.4
Pork loins	20	26.6	19.5	25.4

These figures must be used with the greatest caution, for the wholesale quotations represent the price for a whole cut, which, when subdivided, sells at a wide range of prices, depending on the quality of the cut, whereas the retail prices shown above are simply the average of prices for the best cuts. A certain amount also has to be deducted as waste.

In order to ascertain the actual gross profit of a retailer based on the retail price of meat it would be necessary to do one of two things. We might take his gross sales of beef over a period and deduct from this the wholesale prices which he paid for this beef. The difference resulting would represent the amount of gross profit based on sales. But it was impossible to ascertain such figures. Another possibility is to ascertain the percentages which each cut represents in 100 pounds of beef, and find out what prices are charged for these cuts when the wholesale price is at a certain figure. The difficulty of this method is that every store has its own basis of prices,

some requiring more profit than others. A large New Haven store furnished the following figures which represent the percentage that each cut is of the total weight, and the retail prices charged when the wholesale price of beef is between 15 and 16 cents per pound.

Name of cut	Percentage of total weight	Retail price (average)	Total realized from each 100 pounds
Roast Beef	9	$.25	$2.25
Loin	22	.24	5.28
Round	21	.23	4.83
Chuck	22	.20	4.40
Clod	9	.16	1.44
Plate	17	.14	2.38
	100		$20.58

Approximately 5 per cent has to be deducted as waste, which leaves a net amount of $19.55. When the wholesale price of beef is $15.00 per 100 for whole carcasses, a gross margin of 23.3 per cent of sales is realized on this basis; when the wholesale price is $16.00 per 100, the gross margin realized is 18.2 per cent of sales. It must be remembered that these figures represent a large house doing business on a fairly close margin. A smaller store catering to its own family trade would probably sell at a figure high enough to enable it to take out a margin of 25–33 per cent of its selling price. This estimate was made by one thoroughly conversant with the meat business in New Haven. These figures correspond closely to those shown in Bulletin No. 113 of the United States Department of Agriculture, referred to above, where the gross retail margins on nine lots of beef were 10.81, 8.47, 33.29, 1.88, 15.28, 13.93, 22.90, 21.83, and 13.82 per cent of sales respectively. In other words, retail butchers account roughly for from 18 to 30 per cent of prices charged to consumers.

This retail gross margin of from 18 to 30 per cent of sales is by far the largest element in the cost of marketing meat from producer to consumer. New York retail prices are somewhat lower on the whole than New Haven prices, although the difference in wholesale prices would not seem to warrant this. The quality of meat which comes to New Haven is, to be sure, fairly high, yet the quality seen by the writer in New York was fully as good, if not better. Further, it is hardly conceivable that the cost of doing business could be more in New Haven. The only explanation which the writer can give is that roasts are less in demand in New Haven and have to be sold under New York figures, while steaks are more in demand, and consequently sell at a higher figure, the net balance, however, being slightly higher for New Haven.

The retailer's cost of doing business averages well over 15 per cent, and in many cases it is over 20 per cent of his sales. He is under heavy expenses, not the least of which are occasioned by maintaining delivery service and giving credit. Not a little might be saved in marketing costs if the consumer were willing to pay cash and take his purchases home; but the average consumer prefers to pay for this service. With such a cost of doing business then, a 20 to 25 per cent margin is not out of reason. In fact there are not many butchers growing wealthy even with the high cost of meat.

CHAPTER VII

NEW HAVEN'S MILK SUPPLY

By J. D. Hauslein

During the year 1916 there were in New Haven nearly one hundred milk dealers who distributed milk over more than one hundred and sixty routes. The average amount of milk per distributor was 750 quarts per day. The smallest amount of milk distributed was 15 quarts, and the largest amount over 10,000 quarts per day. In the milk trade there are constant changes in the number and personnel of distributors. In the preceding year, 1915, 22 route men discontinued business. New members enter the trade at frequent intervals.

Source of Supply

Although New Haven receives some cream from Massachusetts, it obtains its milk supply entirely from Connecticut and mainly from points within a radius of 50 miles. The following table shows the places in Connecticut whence milk is shipped to New Haven, and the number of producers reported at each place:

Place	No. of Producers	Place	No. of Producers	Place	No. of Producers
Northford	32	W. Haven	22	Highwood	5
N. Guilford	22	Hawleyville	15	Seymour	2
Orange	52	Brookfield Center	7	Roxbury	7
N. Branford	29	Southbury	32	Branford	3
Clinton	24	South Britain	3	Allingtown	1
East Haven	10	Woodmont	3	Gilead	32
Derby	1	Washington	1	Amston	84
Westville	4	Totoket	5	West Chester	50
Hamden	23	Wallingford	16	W. Goshen	3
New Haven	4	Montowese	4	Goshen	9
Guilford	7	Stevenson	2	Collinsville	1
Madison	2	Durham	19	Fair Haven	1
Woodbridge	36	Westfield	2	Falls Village	3
Cheshire	7	N. Haven	39	Middlefield	1
W. Cheshire	5	Bethany	39	East River	1
E. Cheshire	4	E. Wallingford	2	Kent	6

Total number of places, 48.

Total number of producers, 682.

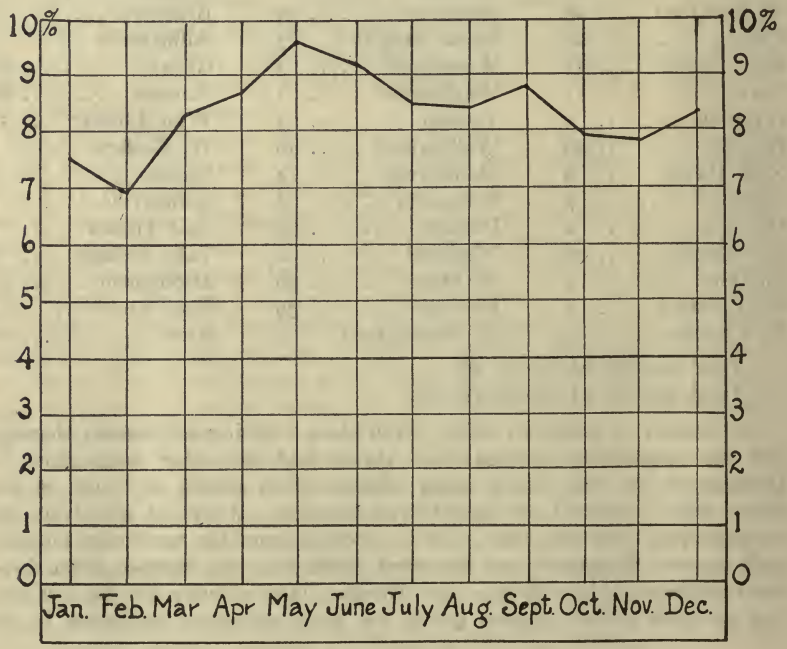
The number of producers at any given place is subject to frequent changes, and the competition between New Haven and the other large cities in Connecticut for milk causes many changes from month to month in the places milk is received for New Haven shipment. It will be seen from the accompanying map that little milk is received from the territories immediately around Bridgeport and Hartford, while at some distance from these cities producers ship milk into New Haven. This accounts for the fact that 25.3 per cent of the shippers are in the 40-50 mile zone, as shown in the

following table, which gives the number of producers within each ten mile zone around New Haven, and the per cent in each zone:

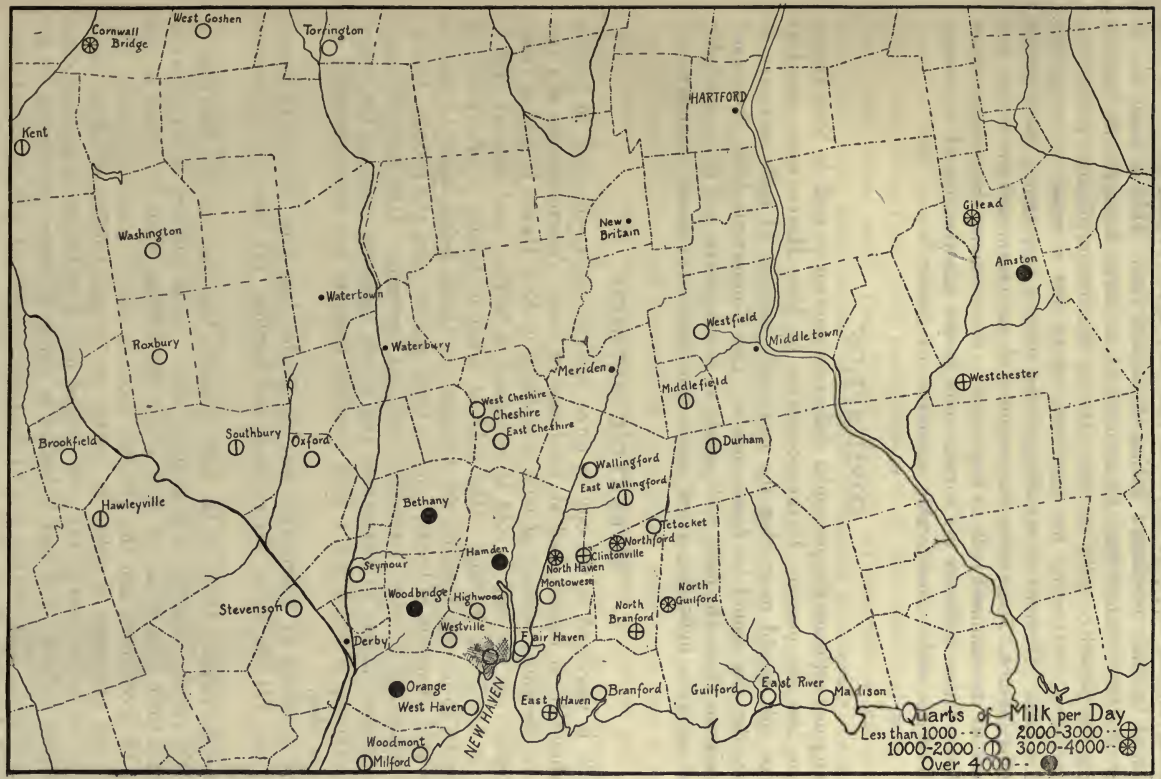
Zone number in miles from New Haven	No. of Producers	Percentage of total
Less than 10 miles	277	40.9
From 10 to 20 miles	120	17.5
" 20 " 30 "	29	4.2
" 30 " 40 "	26	3.8
" 40 " 50 "	173	25.3
" 50 " 60 "	48	7.
Over 60 miles	9	1.3
	682	100.

Seasonal Supply

The raw milk supply for New Haven is subject to the most marked seasonal changes. From January to the midsummer drought there is a gradual increase in milk produced on the dairy farms, and from then on to December there is first a sharp drop and then a gradual falling off. The reason for the increase in production during the first part of the year is that dairy-farmers allow their cows to become fresh in the spring, and early summer; and the more or less abundant supply of green grass keeps milk cows at a high degree of milk-producing efficiency. In the latter half of the year these conditions are reversed. The following chart shows the percentage of total annual supply received each month by one of the largest companies in New Haven.



Percentage of total milk supply received each month, 1916, by one of the largest milk companies in New Haven.



Source of New Haven's Milk Supply.

In the milk distributing business in New Haven, competition between milkmen for the supply is so severe that they agree to take all of the milk produced by their producers during the entire year. This is necessary in order that the dealers may be assured of as large a supply as possible during the period of milk scarcity. During the season of large production, the problem confronting the distributor is to find a means of using the surplus milk. Methods of disposing of the surplus vary among the different city distributors. Some skim the surplus milk for cream, sell the cream, and dispose of the skimmed milk to hog raisers; or sometimes they simply throw it away. Other milkmen use surplus milk in the manufacture of ice cream. A third set make considerable quantities of butter.

CONSUMPTION

Dairymen estimate the per capita daily consumption of milk in New Haven at one pint per person. If the population of New Haven were placed at 170,000 this would mean that the total daily amount of milk necessary to supply the city would be 85,000 quarts. The Connecticut Milk Producers' Association places the daily milk supply at 72,000 quarts, and this is probably about accurate, indicating a per capita consumption of about .42 quarts per day.

MARKETING METHODS

Milk is marketed in the city in three separate ways,—at retail in bottles, at wholesale in bottles, and at wholesale in cans. Approximately 48.4 per cent of the entire amount of milk distributed in New Haven is sold at retail in bottles; 31 per cent is sold at wholesale in bottles; and 20.6 per cent is sold at wholesale in cans. Milk sold at retail in bottles is practically all delivered to private families, the average per family being about 1.5 quarts. Milk sold wholesale in bottles goes to retail market men and grocers, boarding houses, and to some restaurants and soda fountains. Milk sold wholesale in cans goes largely to restaurants and hotels, although some of the larger confectionery stores doing a soda fountain business use large quantities of milk in cans.

The problems of distribution may be divided into four parts—(1) transportation, (2) clarifying, pasteurizing, and bottling, (3) delivery, (4) supervision.

Transportation.—Most of the milk brought into the city for distribution thru the regular channels is in 40 quart cans. Some milkmen in New Haven produce their own milk. In such a case the bottling plant is located at the place of production, and the problem becomes one of properly treating the milk, and delivering it either in bottles, or in cans holding upwards of 10 quarts. Fifty per cent of the milk shipped into New Haven in 40 quart cans is shipped by rail. The rest is hauled in either by horse and wagon, or by motor trucks. The average cost of the transportation of milk to New Haven is one half cent per quart. Transportation costs on milk are proportionate to the distance the milk is transported. When milk comes from long distances by rail, it is necessary to use refrigeration. The cost of refrigeration

is borne partly by the railroad and partly by the New Haven milk distributor. By far the greater portion of the milk produced within a radius of 20 miles from New Haven is either hauled to the city by team or truck; the larger portion of milk produced outside of this radius is shipped by rail. However there seems to be a tendency to substitute the motor truck for railroad transportation even for the greater distances.

Clarifying, Pasteurizing, and Bottling.—The process of clarification frees the milk of foreign particles. The process consists of the application of centrifugal force to the milk; the result being that foreign matter is separated from the milk, leaving it clean. The application of centrifugal force to milk, however, serves to break up the colonies of bacteria in the milk, and causes their rapid multiplication, with the result that milk turns sour much more readily than if not clarified. If the milk is immediately pasteurized after being clarified the danger of souring is lessened. Improved machinery for clarifying milk is being rapidly introduced; the technical improvements in this machinery render the distributors liable to a rapid depreciation of their clarifying machines largely due to dangers of obsolescence. There are so many elements of cost that enter jointly into the cost of operating a clarifier that it is practically impossible to find any accurate figure of the cost of clarifying. For example, the same power that is used in clarifying is also used for running an agitator, which stirs and so keeps milk stored in tanks at the same uniform consistency of cream and milk solids, until ready for bottling or drawing into cans. It is practically impossible to calculate separately the cost of the coal used to generate power for the clarifier, the agitator, and power and heat for the pasteurizer.

Pasteurizing.—There are at present three methods of pasturizing. (1) Pasteurizing in the bottle, which involves the placing of milk in bottles which are then plunged into hot water or steam for a period of time sufficient to kill disease bacteria or microbes. (2) "Holding," which consist of running the milk into a vat and heating it to a temperature of from 143 to 145 degrees for a like period. (3) "Flashing," which means the raising of the milk to a high temperature for a short time, usually performed in or over heated pipes. The method which is conducive to the best results is that of pasteurizing in the bottle. The same progress in the technical development of pasteurizing machinery has taken place as in clarifying machinery, and the same dangers of obsolescence are present. The life of a good pasteurizer or clarifyer is not over five years. Likewise there are so many elements that enter into the cost of pasteurizing that it is impossible to secure an accurate figure. A conservative estimate of the cheapest method, however, including both pasteurizing and clarifying, is one-half cent per quart.

Bottling.—This is one of the most important and costliest functions of the milk distributor. Since almost 80 per cent of the total milk supply of New Haven passes to the consumer in bottles, the work of bottling milk, collecting, cleaning, and filling the bottles is one of the principal features of the milk trade. Each distributor has to keep a stock of about four bottles for each quart of milk bottled. These four bottles are distributed over the

needs of the trade as follows: One in the process of cleaning and filling; one in the hands of the user; one in transit to and from the plant; and one astray or in reserve or in some miscellaneous use. Quart bottles cost $4.00 per gross or 2.7 cents apiece, and pint bottles $5.00 per gross, or 3.5 cents apiece, in 1916. The price in 1917 has risen to $4.90 per gross for quart bottles, or 3.4 cents apiece, and $6.50 per gross for pints, or 4.5 cents apiece. It is customary for each milk distributor to have his name stamped on the bottles which he uses. A different stamp is sometimes used on bottles sold at wholesale to retail stores, from the one on bottles which are delivered from house to house. Losses from breakage and non-return of bottles amount to about one per cent of all bottles delivered each day; this means that a dealer has to practically replenish his whole stock of bottles in the course of a year. In order to facilitate the collection of stray bottles, and their more prompt return to the respective owners, the New Haven Milk Bottle Exchange was organized.

THE NEW HAVEN MILK BOTTLE EXCHANGE

The Exchange has been organized and in operation for more than nine years. It was originally conducted as a department of a single company, which distributed the bottles it received to their rightful owners; but the need for a central clearing house, and for some form of a protective association to attend to the collection of bottles and their return to the proper owners led to the formation of the present organization. This consists of an association of milkmen and dairymen of New Haven, Orange, Westville, Woodbridge, East Haven, and Hamden. All but three or four milk distributors in New Haven belong to the Exchange. The dues are 50 cents per month for each member, and if not paid after a lapse of 6 months, membership is suspended, and the suspended member receives no more bottles from the Exchange.

The functions of the Exchange are to collect and sort out bottles, and to act as a protective association of milkmen. Bottles on being brought back by the driver are placed together in crates holding half a gross each and sent to the Exchange where they are sorted. The crates are then placed in compartments one for each member of the Exchange, awaiting transference back to the rightful owners. For each bottle sent to the Exchange by the milkmen a credit of 1 cent is given, and for each bottle returned to its rightful owner a charge of 2 cents is made. The Exchange also receives bottles from ash-men and street cleaners. No bottles are received from peddlers. The superintendent of the Exchange works entirely on a commission basis.

Owing to the inadequate facilities it is impossible to store all the bottles under roof, hence the breakage in winter due to freezing may run as high as 2 per cent a day. About 30,000 bottles pass thru the Exchange each month, of which there are considerably more quart than pint bottles. Pint bottles are less apt to be returned, because housewives find them useful as containers for preserves and other articles although this practice is contrary to law. The principal reason why bottles have to pass thru this

exchange to be sorted out is that housewives substitute one dealer's bottle for another when they return them.

The function of protection is one of the most important of the Exchange. No member is allowed to use the bottle of another member, and if he is found doing so, he is fined 50 cents for each bottle so used. This prevents the fraudulent use of a competitor's property which is prevalent in some cities. The superintendent of the Milk Exchange is empowered to investigate any complaints of the wrongful use of bottles and his report is submitted to the Executive Committee of the Exchange for final action.

The Exchange also collects, sorts, and returns milk cans. The charge for this service is 25 cents per can, and nothing is allowed the dairyman who sends in the can. The cost of a 40 quart can, new, is $3.15.

Delivery.—Milk delivered from house to house is carried principally by horse and wagon altho automobile trucks are used in a few instances. Milk delivered to stores is also largely carried by horse and wagon, with a somewhat greater proportion carried by auto-truck than in house delivery. Autos are used still more frequently for the delivery of large wholesale quantities in cans. Delivery labor costs about three quarters of a cent per quart of milk delivered. There are no adequate figures on the costs of wear and tear, up-keep, and replacement of delivery equipment, but it may be estimated as about equal to the labor cost.

Supervision.—The costs of milk-distribution include overhead charges, rent, depreciation, insurance, bad debts, collection, etc. Milkmen allow credits of from 1 week to 3 months. The usual period of credit, however, is 1 week. It is found impossible by many dealers to have their delivery men make collections, and separate collectors therefore have to be employed. Payments for collecting are usually on a commission basis.

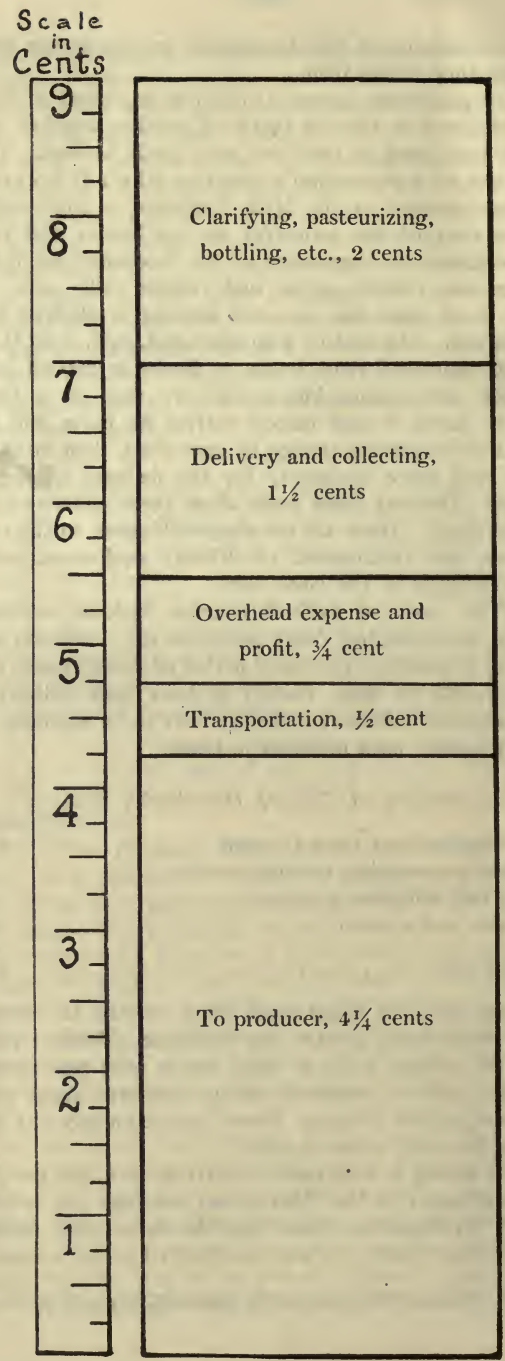
Estimates of Cost of Distributing Milk

	PER. QT.
Transportation from farm to plant	$.005
Clarifying, pasteurizing, bottling, cooling	.020
Delivery and collecting accounts	.015
Supervision and clerical	.005
Total Cost	$.045[1]

During the year 1916, the usual retail price of milk in bottles was nine cents per quart; the average price to the wholesale-in-bottle trade was about 7¾ cents; and the average price at wholesale in cans was about 6¾ cents. The average price paid to producers during 1916 was about 4¼ cents per quart. The accompanying diagram shows approximately the various elements composing the retail price of milk.

When milk was selling at nine cents a quart in 1916, the net profit to one of the largest distributors in New Haven was less than one-fourth of a cent a quart. Recent investigations show that the large milk dealers in New York City obtain a net profit of about one-third of a cent a quart.

[1] This does not include rent, insurance, depreciation, and profit.



Why milk cost nine cents a quart in 1916.

In conclusion, it must not be forgotten that the first consideration for consumer and distributor alike is the supply in convenient form of a good quality of milk,—clean, pure, and wholesome. At present the legal standard is a whole milk that contains at least 3¼ per cent of butter-fat. In order to maintain this standard of milk some of the dairymen in New Haven have entered into a policy of buying milk on a butter-fat basis, altho it is as yet by no means a common method. It is often the case that milk producers fail to understand the advantages of buying and selling milk on the butter-fat basis. The tendency towards this method is to encourage the production of an increasingly superior grade of milk. A milk of good quality should contain at least 4 per cent butter-fat, but it might be desirable to have milk of different degrees of richness sold at retail, with prices adjusted to butter-fat content.

CHAPTER VIII

HOW NEW HAVEN HOUSEWIVES PURCHASE

In coöperation with the New Haven Housewives' League information was received from 131 New Haven women concerning their methods of buying foodstuffs. These reports are from different parts of the city, and in tabulating them, they have been divided into three groups: first, those living in the territory from Orange Street to Prospect Street, and called hereafter the Whitney Avenue Section; second, a miscellaneous group, including families in other parts of the city; third, 16 families living in the Italian district.

An effort was made to find out to what extent New Haven women rely on neighborhood corner grocers, hucksters, fancy grocers, and large down-town stores. This last class includes those on lower State Street, the Pure Food Market, and Welch's, referred to hereafter as State Street stores.

Out of 111 women who reported the principal kind of dealer from whom they buy fruits and vegetables, 41 per cent said that they relied principally on corner grocers, 41 per cent on State Street stores, 12 per cent on hucksters, and 5 per cent on fancy grocers. This indicates that the large down-town food store is of about the same importance as the corner grocer. These proportions vary in different parts of the town. People living in the Whitney Avenue section buy more from State Street stores and down-town fancy grocers than people living in other parts of the town. Those living in the Italian section rely almost entirely on corner grocers and hucksters.

Of course a great many families buy from two or more classes of stores. Of the 131 replying, 71 buy to a certain extent from hucksters, and 55 from fancy grocers. As will be seen from the figures above, only 5 rely principally on the fancy grocer; most of them go to this class of store either for special products, such as butter, eggs, tea, and coffee, or only occasionally in order to make special purchases for entertainments or dinner parties.

In buying meats, 42 housewives out of 107 rely principally upon State Street stores, and the other 65 buy principally from neighborhood butchers.

The Whitney Avenue people appear to patronize the State Street stores to a greater extent than people in other parts of the city. Eighty, or 75 per cent of the 107 answering, claim that they go to store and select their own cuts. It must be borne in mind that the ladies connected with the Housewives' League do not represent the average New Haven housewife, inasmuch as they are especially interested in and pay more personal attention to their marketing.

REASONS FOR BUYING FROM HUCKSTERS

Out of 63 housewives replying on this matter, 41 claim that they buy from hucksters as a matter of convenience, 12 because they believe that they get better quality, and 10 because they believe that they get lower prices. Many women like to buy from hucksters because they have an opportunity to look over the goods and select just what they want, without having to go to market to do this. Seventy-four women expressed a definite opinion as to whether hucksters' prices are lower than the prices in corner groceries, and 44 per cent of these replied that they believe hucksters' prices are lower, 37 per cent believe that they are practically the same, and 19 per cent, that hucksters' prices are higher. The majority of those that believe that hucksters' prices are higher live in the Whitney Avenue section, and this undoubtedly indicates that hucksters charge higher prices in that section than in other parts of the city.

Opinions were also obtained as to the quality of hucksters' goods as compared with store goods, and 51 per cent replied that hucksters' goods are of better quality, 34 per cent that there is no choice, and 10 per cent that they are poorer. Inasmuch as hucksters bring their goods direct from the Commerce Street Market each morning during the summer, it is probably true that the local fruits and vegetables handled by hucksters are a little fresher and a little better quality than those handled by the stores.

The majority of women who buy from hucksters deal with the same huckster from day to day and some of them have dealt with the same huckster for a number of years, in some cases as long as 10 or 15 years.

SERVICES GIVEN BY RETAIL STORES

Fifty-six per cent of the housewives replying, report that they have charge accounts with the stores where they deal, and the other 44 per cent that they pay cash. These proportions vary in different parts of the town: 65 per cent in the Whitney Avenue section have charge accounts; 55 per cent in the miscellaneous group; and 40 per cent in the Italian district. These figures seem to bear out the usual belief that stores catering to the wealthy classes of customers have high credit expenses, inasmuch as the cost of collections is high, a large amount of capital is tied up in accounts, and wealthy people often are not so prompt in paying their bills as the middle classes.

Retailers solicit orders at the house from only 13 per cent of the ladies replying. In the Whitney Avenue section, house to house solicitation by

retailers has practically ceased, whereas in other sections of the city it is still done to a considerable extent. The telephone has largely taken the place of house to house solicitation. Forty per cent reply that they use the telephone for giving orders more or less regularly; 19 per cent say that they use the telephone a little; and 41 per cent do not use it at all. Twenty-two housewives out of 123 actually admit that they telephone for goods in the afternoon, asking to have them delivered before dinner. The testimony of the retailers themselves, as reported in the chapter on New Haven Retail Stores, would indicate that such unreasonable requests are more common than the housewives admit.

Fifty-nine per cent of the housewives reporting have goods delivered, and the other 41 per cent go to market and bring their goods home. Eight per cent say that they do not go to market at all; 24 per cent that they go only once a week; 31 per cent that they average about twice a week; 29 per cent, 3 times a week; and the other 8 per cent claim that they go every day.

OTHER MEANS OF BUYING

Fourteen housewives out of 107 reported that they have bought some foodstuffs by parcel post, but the amount purchased is apparently insignificant. Some of the commodities that have been bought in this way are poultry, butter, maple sugar, eggs, fruit, bacon, and cheese. Twenty-six also report that they have bought some goods coöperatively with their neighbors.

Among those who have coöperated with their neighbors in buying large quantities, there are three or four who have bought from mail-order houses, such as Sears Roebuck and Montgomery, Ward and Company. Generally such articles as cocoa, chocolate, canned goods, extracts, spices, and sugar have been bought in this way, and the opinion is that prices obtained from these houses are lower than New Haven prices. A few have grouped together, generally not more than two or three families in a group, to buy from wholesale grocers and in some cases from large retailers. One instance was cited where three families bought $60 worth of goods from a large New Haven retailer, and it was estimated that a saving of about $12 was made on this order. In another instance, canned goods, cereals, nuts, raisins, and soap have been bought for two years coöperatively by a number of families at wholesale prices, but the name of the dealer from whom the goods are purchased is confidential. Other articles which have been bought coöperatively are eggs, flour, pineapples, grape fruit, oranges, apples, peaches, potatoes, and in one case meats. It must be remembered that in purchasing goods coöperatively in this manner, payment must be in cash, thus requiring a considerable outlay at one time, proper storage facilities must be available, and when goods are bought from points outside of New Haven, freight and express charges have to be taken into consideration. In one case where three New Haven families bought a large order of goods from a local dealer, this dealer delivered all the goods at one house, and the husband of one of the coöperating ladies was not enthusiastic about the arrangement, because he had to go to his neighbor's house with a wheelbarrow to carry home his goods.

The members of the Housewives' League were asked to what extent they would go to a farmers' retail public market if one were established. Twenty per cent say that they would go every day; 30 per cent, 3 times a week; 36 per cent, twice a week; 11 per cent, once a week; and 3 per cent, that they would not go at all. Ninety-two per cent report that they would be willing to pay cash and carry their goods home. The experience of other cities has shown that women in general are not so willing to perform these services as New Haven housewives think that they would be. It might be mentioned that 21 per cent of those replying to these questions own automobiles.

CHAPTER IX

COMPARISON OF PRICES IN NEW HAVEN WITH PRICES IN NEW YORK, BRIDGEPORT, HARTFORD, AND SPRINGFIELD

This price comparison was made on Friday, March 2, 1917. Four investigators visited a number of stores in New Haven during the forenoon, and then went to New York, Bridgeport, Hartford, and Springfield respectively for the afternoon. Prices were obtained from twelve stores in New York, nine in Bridgeport, five in Hartford, six in Springfield, and twenty-eight in New Haven.

Twenty-three separate quotations were obtained, including four for beef (sirloin, round, rib, and chuck), two for lamb (leg and rib), two for pork (loin and chops), two for ham (whole and sliced), two for bacon (whole and sliced), two for chickens (roasting and stewing), two for eggs ("strictly fresh" and "fresh western"), two for butter (print and tub), and one each for potatoes, cabbage, onions, rice, and carrots.

These figures should be used with the greatest caution, because it was impossible to get quotations for exactly the same grade or quality in each case. They are sufficiently accurate, however, to indicate the general price levels in the cities studied, and they at least indicate the prices that consumers are actually paying for foodstuffs, irrespective of whether the qualities are exactly the same in all these five cities. The figures have been thrown into comparable form by calling the New Haven price of each commodity 100, and computing the other prices into the form of ratios, based on the New Haven prices. No attempt has been made to weight the commodities according to their relative importance in computing the averages.

Calling the average price for New Haven 100, the approximate averages in the other four cities are as follows:

New Haven	100
New York	99
Bridgeport	98
Hartford	105
Springfield	110

These figures indicate that the general price level is slightly higher in New Haven than in New York and Bridgeport, but substantially lower than in Hartford and Springfield. Springfield prices appear to be about 10 per cent higher than New Haven prices. The investigator who went to Springfield reported that the stores there were neater in appearance than those in New Haven, and apparently better managed. The higher prices there are possibly due partly to a slightly higher grade of commodities sold in that city. Likewise, there is a possibility that Bridgeport prices are lower because of a slightly poorer grade of commodities in that city.

New York prices are substantially lower than New Haven prices with respect to most of the cuts of beef, and also with respect to eggs. New York butter prices are slightly higher than New Haven butter prices, but New York butter is much superior to New Haven butter. New York is higher than New Haven on potatoes and carrots. Springfield's high prices are due mainly to the higher prices of meat in that city, which average about 16 per cent higher than in New Haven.

One of the striking features of this study of prices was the great variation in different stores in the same town. In New Haven, for example, the price of sirloin steak ranges all the way from 30 cents to 40 cents in different stores; strictly fresh eggs from 42 cents to 60 cents a dozen; potatoes from 75 cents to 90 cents a peck; and rice from 7 cents to 10 cents a pound, although the great majority of New Haven stores were asking 10 cents. These prices vary for sections of the city, and by character of store. For example, calling the average New Haven price for all commodities in all stores 100, the average prices in the lower State Street stores was 98, in Fair Haven 96.7, in City Point 98.8, in the Dixwell Avenue section 100.8, and in West Chapel Street section 105.

Prices vary in different stores according to the amount of service that the stores render. Those which give credit and make deliveries necessarily have to charge a little more than those which do only a cash business and make no deliveries. The difference in price is not so great, however, as one might imagine, as it averages only two or three per cent less than the general average for all stores.

Average Prices as Obtained on March 2, 1917, in New Haven, New York, Bridgeport, Hartford, and Springfield

	Unit	New Haven	New York	Bridgeport	Hartford	Springfield
Sirloin steak	lbs.	35.3	29.4	37.9	36.2	43.0
Round steak	"	32.2	29.3	31.2	34.0	38.5
Rib roast (untrimmed)	"	26.7	28.3	25.3	28.2	31.0
Chuck	"	22.4	19.3	20.9	22.4	25.0
Leg of lamb	"	28.3	27.7	25.5	28.0	20.7
Lamb chops, rib	"	33.7	34.0	31.9	38.0	45.0
Pork loin	"	25.4	26.6	23.3	27.4	27.0
Pork chops	"	26.9	28.8	26.5	29.2	31.1
Ham, whole	"	26.4	25.8	29.0	28.0	28.6
Ham, sliced	"	36.5	37.8		38.4	43.5

	Unit	New Haven	New York	Bridge-port	Hart-ford	Spring-field
Bacon, whole	lbs.	30.9	30.1	34.2		35.6
Bacon, sliced	"	33.0			33.6	39.0
Roasting chickens	"	33.7	34.1	33.5	38.7	39.8
Stewing chickens	"	29.1	27.7	29.5	30.8	31.3
Eggs, strictly fresh	doz.	52.7	45.3	49.6	57.0	53.6
Eggs, Fresh western ...	"	44.1	39.2	44.6	48.8	43.6
Potatoes	peck	82.6	100.4	87.9	76.0	86.6
Cabbage	lbs.	11.4	10.8	10.9	11.0	11.0
Onions	"	12.8	12.0	12.6	14.0	13.9
Rice	"	9.3	9.2	9.1	10.0	9.8
Carrots	"	5.5	6.6	5.4	6.3	6.6
Butter, print	"	47.9	48.1	45.5	50.4	48.5
Butter, tub	"	44.0	45.0	44.0	45.0	43.6

CHAPTER X

CONCLUSIONS AND RECOMMENDATIONS

Inasmuch as it is generally agreed that New Haven should have a public market, and since there is a difference of opinion as to just what form such a market should take, it is important to understand that there are four possible kinds of public markets, as follows:

1. Retail farmers' market, where city provides space for farmers to sell direct to consumers.
2. Retail dealers' market, where city provides stores, or stalls, for retail dealers.
3. Wholesale dealers' market, where city provides stores for wholesale dealers.
4. Wholesale farmers' market, where city provides spaces for farmers to sell at wholesale to store keepers, hucksters, and wholesalers.

These will be taken up briefly in order.

1. *Retail farmers' markets* have not met with success in American cities, except in a few isolated cases, and there appears to be little reason to hope that such a market would be successful in New Haven. The reasons why such a market would not be successful are obvious. Farmers can not afford to stay in market during the day to sell to consumers; housewives cannot afford the time from their household and social duties to go to market; most housewives demand service, such as credit, frequent delivery, ordering by telephone, buying in small quantities, etc., which can not be very well given by farmers; only part of the housewives' supplies can be bought in such a market. In view of these reasons, and the failures which have attended the establishment of such markets in other cities, it seems altogether unwise to consider such a proposal for New Haven, especially as there are much more pressing needs which demand undivided attention.

2. *Retail Dealers' Markets.* This is a common form of public market, and is found in many large cities of the United States. The need for such a market depends on the size of the city and on the willingness of housewives to go to market. The principal advantages of such an institution are,—the greater convenience for housewives through concentration of different kinds of stores in a restricted area; greater specialization by commodities among the dealers, with better quality and variety of produce; concentrated competition among dealers, which results in better merchandising, better products, and sometimes lower prices; and better control of sanitary conditions.

In spite of the possible benefits to be derived from such a market, the committee feels that it would be unwise to expend energy in trying to establish one, at least at present. The down-town stores are already highly localized, especially on State Street, and to a certain extent on Congress Avenue, so that the matter of convenience is a secondary consideration. Whether prices in a dealers' market would be any lower, is questionable. Sanitary conditions are not bad, though they might be improved. The establishment of such a market, if successful, would probably result in an increase in the number of retail stores, inasmuch as the State Street merchants would undoubtedly continue in their present locations,—and there appear to be a sufficient number of retail stores already. A final reason for the belief that it would be unwise to push this matter at present is the fact that there is a much greater need in New Haven's marketing system, which requires a vigorous and immediate concentration of energy.

3. *Wholesale Dealers' Market.* The wholesale produce trade of New Haven is comprised of twelve or fourteen dealers in miscellaneous fruits and vegetables, three butter and egg houses, and the meat jobbers and branch houses of western packers. The trade is not extensive enough to require special effort to provide better facilities for these merchants, many of whom are well equipped and located at present,—especially the butter and egg dealers, and the meat supply houses. Definite provision should be made for the wholesale fruit and vegetable dealers, however, in connection with any wholesale market that may be established for farmers. These wholesale dealers should either be in or near the farmers' market, and many of them have expressed a willingness to rent or buy stores whenever the location of a farmers' market is decided upon.

4. *Wholesale Farmers' Market.* The paramount need is a properly organized, equipped, and regulated market place for farmers, where they may sell at wholesale early in the morning to hucksters, retail store dealers, and wholesale dealers. At present the farmers use Commerce Street as their market place. There are no spaces assigned in this market, and farmers often drive in before midnight to obtain suitable locations in a market which does not open until five o'clock. The market is entirely unorganized; market prices are indefinite; sharp practices are common; sanitary conditions are bad. Many growers do not use the market because conditions are so unsatisfactory; likewise, many retail dealers who would otherwise use the market stay away from it. New Haven is far behind other cities with respect to

a properly organized and conducted farmers' market. All who know the situation in New Haven agree that such a market place is the crying need.

As was pointed out in an earlier chapter there are three possible solutions for providing a proper market place for farmers, as follows:

1. City ownership and operation.
2. Private ownership and operation.
3. Coöperative ownership and operation by the farmers themselves.

A fourth possible solution is for the city to own the market place, and to lease it to farmers to be operated coöperatively by them.

These possible solutions will not be enlarged on, except to say that the proposition is not likely to be sufficiently alluring to attract private capital. Coöperative ownership and operation by farmers has it advantages, but the committee know of only two such markets in existence,—at Providence and Louisville. The Providence market appears to be highly successful. This possibility should be considered, and the matter should be taken up with local growers. If they should not be sufficiently interested, it devolves upon the city itself to furnish such a market place.

RECOMMENDATIONS

I. All energy should be concentrated on the establishment of a well organized and operated farmers' wholesale market. Such a market is absolutely essential, and every effort should be made to secure definite action.

II. Inasmuch as it is too late at the time this report is made to determine a permanent policy which shall be effective during the summer of 1917, the city should find a temporary solution for the present season. With this end in view, possible locations have been canvassed, and it has been decided that it would be best to use the present location in Commerce Street for the summer of 1917. This location should be laid off in spaces by the city, and assignments made to individual farmers at a small rental per day or per season. A market master should be appointed, regulations prescribed, and the necessary city ordinances drawn up and passed without delay. (This matter is being attended to as this report is issued, through the coöperation of the Mayor of the City and the Corporation Counsel.)

III. Steps should be taken immediately to determine a permanent policy, which could be put in operation before the season of 1918 opens. Studies should be made of possible locations, probable costs, and necessary equipment. It would also be advisable to make further intensive study of the methods of a few other cities before a permanent policy is adopted.

THIS BOOK IS DUE ON THE LAST DATE STAMPED BELOW

AN INITIAL FINE OF 25 CENTS

WILL BE ASSESSED FOR FAILURE TO RETURN THIS BOOK ON THE DATE DUE. THE PENALTY WILL INCREASE TO 50 CENTS ON THE FOURTH DAY AND TO $1.00 ON THE SEVENTH DAY OVERDUE.

SEP 20 1933

SEP 21 1933

APR 4 1937

JAN 16 1945

LD 21–100*m*-7,'33

Gaylord Bros.
Makers
Syracuse, N. Y.
PAT. JAN. 21, 1908

YC 25335

491506

UNIVERSITY OF CALIFORNIA LIBRARY